The impact of effectuation on small firm buyer−seller relationships

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This thesis is submitted in partial fulfilment of the requirements for the award of the degree of Doctor of Philosophy of the University of Portsmouth. Whilst registered as a candidate for the above degree, I have not been registered for any other research award. The results and conclusions embodied in this thesis are the work of the named candidate and have not been submitted for any other academic award.

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Abstract

The success of a small firm depends on the decisions it makes relating to buying and selling. This study therefore investigates the logic used by a small firm owner-manager when determining such important decisions, through the scope provided by four interlinked papers.

A review of sales related literature resulted in the development of a new construct of overall sales failure and instrument that measures elements that simultaneously and explicitly impact sales failure, thus enabling distance from failure to be established. Furthermore, it identified the significant impact of firm size in respect of sales. With the dyadic nature of buyer-seller relationships, and small firms reported as using different processes to their larger counterparts, attention is therefore directed at the decision-making logic used by small firm owner-managers. Consideration is given to the impact of effectuation logic on buying intentions. A conceptual model that seeks to explain the predilection of a small firm owner-manager to select trusted suppliers from within personal and business networks, and to engage on flexible terms is presented. It suggests that supplier relationship decisions made using effectuation logic may enable wider choice of suppliers than the formal processes of large firms. Empirical qualitative work to test the propositions made within the model, is reported herein.

A qualitative study into such use of effectual logic by micro firm owner managers that operate in the UK Telecommunication market, finds that they do indeed utilise effectual means to develop personal relationships with trusted suppliers. This use of effectual buying also appears to positively promote the use of effectual selling, which enables the micro firm to match, in real time, what they have or can access from suppliers with what is required by customers. This appears to be an iterative process, the output of effectual selling leading to a further need for effectual buying, which while initially reducing uncertainty, can in the longer term increase it.

Effectual logic would also, in additional to firm size, have additional intersectional, relational context aspects. Findings from a longitudinal study into a Key Account Management relationship between a small firm within the food industry and a major UK grocer suggest effectual logic may positively moderate the ability of a small supplier to enter into such a relationship. However, once within it, applying effectual logic may negatively impact success by increasing the potential for failure to co-create value, leading to suboptimal products and impacting buyer confidence and trust. Consequent attempts to recoup resources expended through the sale of rejected products to other customers appears to then fail and further damage the firm’s customer relationships, creating a cascading cycle of failure, depleted resources and the need for more effectual logic to acquire more.

This study therefore makes a contribution to knowledge, specifically, whilst extant literature has hitherto identified use of effectual decision-making logic as an antecedent to positive outcomes, this study has identified negative consequences from such use by owner-managers of small firms, when determining buying and selling decisions. It does this as follows. First it identifies that owner-managers of small firms do indeed use effectual logic when determining buying and selling decisions, such use of effectual buying enabling the firm to overcome resource restriction and offer a wider range of products/services than it could otherwise provide. Second, such use of effectual buying facilitates, or even necessitates, effectual selling, which enables a small firm to offer a wider range of products/services to more customers, than it would otherwise be able to service, potentially also enabling a small firm to overcome resource restrictions and enter into Key Account Management relationships with larger customers. Third, such use of effectual selling, however, also holds the potential to negatively impact trust, an underpinning requirement for buyer–seller relationships. Fourth, because lack of trust is an antecedent to sales failure, each sales failure negatively impacts resources, creating a requirement for more effectual selling. Fifth, this leads to a cycle of cascading sales failure, such sales failure creating, rather than reducing, uncertainty.

It also makes a contribution to practice. Specifically, the final topology has been translated into a qualitative self-assessment tool, which has been adopted by some members of the Sales Performance Association (SPA), used by SPA members' clients, as it provides a comprehensive framework that can be used to help the client identify areas of real or potential sales failure and therefore determine a scope of remedial work.

Declaration of authorship

Table 0-1-1 details the four academic journal articles included in this thesis, their authorship and publication status at time of submission. Papers 1, 2 and 3 were sole-authored by the candidate. Authors and their contributions to Paper 4 are identified in Tables 0-1-2 and 0-1-3.

Table 0-1-1: List of papers, publication status and authorship

Title	Publication	Status	Authorship	Contribution
Sales failure: A review and future research directions	International Journal of Logistics Research and Applications, 1–28. (ABS1; ABDC:B)	Published 2020	Phillip McGowan	100%
The impact of effectuation on buying decisions of small firms	IMP Journal, 12(3), 444–459. (Merged to become Journal of Business and Industrial Marketing: ABS2)	Published 2018	Phillip McGowan	100%
Use of effectuation by established micro businesses: Short-term gain, long-term pain?	Journal of Business and Industrial Marketing (IMP forum) (ABS2)	Accepted for publication 3rd May 2020	Phillip McGowan	100%
The dark side of effectuation in a KAM relationship	Journal of Business and Industrial Marketing (IMP forum) (ABS2)	Accepted subject to minor revisions	Phillip McGowan Dr Chris Simms Professor David Pickernell Konstantios Zisakis	60% See Tables 0-1-2 and 0-1-3

Table 0-1-2: Paper 4 authorship: activity details

Paper 4	Activity	Primary author	Secondary author(s)
Data collection initial analysis	Data collection	Dr Chris Simms	Konstantios Zisakis
	Data analysis	Phillip McGowan	Dr Chris Simms
Paper development	Abstract and introduction	Phillip McGowan	-
	Theory	Phillip McGowan	-
	Method	Dr Chris Simms	-
	Discussion	Dr Chris Simms	Phillip McGowan
	Theoretical contribution (including model)	Phillip McGowan	Dr Chris Simms & Professor David Pickernell
	Conclusion, managerial implications & recommendations for future research	Phillip McGowan	-

Table 0-1-3: Paper 4 author contributions

Name	Overall contribution
Phillip McGowan	60%
Dr Chris Simms	20%
Professor David Pickernell	10%
Konstantios Zisakis	10%

I hereby certify that the authorship as stated above is an accurate record of the work undertaken by each author, in respect of the papers contained herein.

Phillip J McGowan

20th May 2020

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List of abbreviations

B2B - Business to Business

BRSO - Business Research and Services Office

CO - Customer Orientation

CRM - Customer Relationship Management

EM - Extrinsic Motivation

ICT - Information and Communications Technology

IM - Instant Messaging

IMP - Industrial Marketing and Purchasing

IT - Information Technology

KAM - Key Account Management

NPD - New Product Development

RQ - Research Question

SEA - Sales Educators Academy

SBU - Sister Business Unit

SO - Selling Orientation

SPA - Sales Performance Association

UK - United Kingdom

1. Introduction

This study considers the impact of effectual logic (Sarasvathy, 2009) on small firm buyer−seller relationships. Whilst it would appear axiomatic to suggest that understanding how and why a buyer and a seller do business, is fundamental, it would appear that hitherto, buyer-seller relationships have not been fully investigated within the context of small firms (Bocconcelli et al., 2016).

The success of small firms depends on their decisions relating to buying and selling (McGowan, 2018). Buying is an important topic for a small firm because it has the potential to create financial risks. These, in turn, could carry significant personal financial consequences for the owner-manager (Ellegaard, 2009). To avoid such risks, it would appear that a small firm owner-manager will take personal control of buying activities (Ellegaard, 2006; Ellegaard, 2009). Yet, prior research suggests that they are, on the whole, untrained in buying. They deem buying to be a low priority task, undertake it only when necessary, handle it with less formality, use personal opinions rather than facts, and make decisions faster than those made by larger firms (Ellegaard, 2006; Ellegaard, 2009). As a consequence of owner-managers attaching a low priority to buying, they lack understanding of the marketplace and range of options available to them (Seung-Kuk et al., 2009).

Selling is also important as success or failure impacts overall company performance (Cova et al., 2000; Korschun, 2015; McGowan, 2020). Yet, only 6% of sales opportunities lead to a sale (Raichshtain, 2014). Furthermore, such loss of sales potentially leads to not only a failure to secure revenue, but also actual time and money spent bidding (Cova, Pardo, Salle, & Spencer, 2015; Korschun, 2015). Sales failure, therefore, has a negative impact on a small firm (McGowan, 2020).

Sales scholars have invested significant effort into investigating sales strategy and sales management and how each can be brought to bear to increase the effectiveness of salespeople (Fürst, Leimbach, & Prigge, 2017; Khusainova, Jong, Lee, Marshall, & Rudd, 2018; Plank, Reid, Koppitsch, & Meyer, 2018; Reid, Plank, Peterson, & Rich, 2017). Yet, there would appear to be scarce literature directed towards its detriments, i.e. sales failure (Friend, Curasi, Boles, & Bellenger, 2014; Gonzalez, Hoffman, & Ingram, 2005; Johnson, Friend, Rutherford, & Hamwi, 2016; K. Wilson & Woodburn, 2014). Indeed, it would appear that the full context, including all elements that simultaneously and explicitly impact sales failure, has yet to be considered. Given the potential impact on an organisation, further work to develop an understanding to the antecedents of sales failure with processes to avoid or minimise, would be a worthwhile endeavour (McGowan, 2020). Furthermore, it would appear in the vast majority of sales related studies, the issue of firm size has hitherto remained unconsidered (McGowan, 2020). The nature of the topic is, of course, multidisciplinary, sitting at the nexus between the marketing, sales and small business specialisms, a situation which often restricts the building of a coherent academic discourse.

The owner-manager of a small firm plays a vital role in buying and selling activities, with relationship quality shown to impact overall business success (McGowan, 2018). Following the tradition of the Industrial Marketing and Purchasing group (IMP), this study views relationships through the lens of interaction. Relationships are considered a process of exchange in respect of products/services, information, finance and social experience with consideration given to the active role of people (Håkansson, Ford, Gadde, Snehota, & Waluszewski, 2009; Ojansivu, Hermes, & Laari-Salmela, 2020). Given that owner-managers of small firms appear to take personal control of buying activities (Ellegaard, 2006; Ellegaard, 2009) and sellers value long term inter-personal relationships with their customers (Crosno, Dahlstrom, & Friend, 2020), it would therefore seem appropriate to consider these relationships from the perspective of the people involved in buying and selling activities (Seidman, 2013).

This study, therefore, investigates relationships between buyers and sellers of small firms, so as to more fully understand the decision-making processes used by their owner-managers. In the UK, small firms account for some 99% of all businesses, 48% of private sector employment and generate 37% of private sector turnover. Moreover, there has been a 69% increase in the number of firms trading since 2000 (Rhodes, 2019). The value of small firms to the UK economy and the importance of buyer-seller relationships, suggests that further work in this area would be of interest to scholars and practitioners alike.

This thesis proceeds with a short review of literature leading to research questions (RQ) in relation to sales failure, effectual buying and effectual selling. A brief discussion of methods, findings and contributions is then presented. This shows the linkage between the 4 academic journal articles that report on this study, which are then presented in full. A summary of conclusions, contributions to practice, with past and future dissemination activities is discussed, followed by limitations and recommendations for future research, is then presented.

1.1. Research questions

This investigation into the impact of effectuation on small firm buyer-seller relationships was predicated upon three research questions (RQ). Literature pertaining to each question is presented below.

1.1.1. Sales failure

While a significant corpus of literature exists in relation to individual constructs within sales strategy and sales management and selling effort (Fürst et al., 2017; Khusainova et al., 2018; Plank et al., 2018; Reid et al., 2017), scarce literature has been directed towards the antecedents of failure (Friend et al., 2014; Gonzalez et al., 2005; Johnson, Friend, Rutherford, et al., 2016; K. Wilson & Woodburn, 2014) with limitations including (but not limited to) the following.

First, while an individual's performance may be good enough to make sales, their achievement, relative to their peers, may be such that management deem them to have failed in their role (Johnson, Friend, Rutherford, et al., 2016). Therefore, detriments to individual performance need to be further considered.

Second, much of the extant literature focuses on a single buyer–seller interaction, with a binary outcome of success or failure (Fine, 2007; Friend et al., 2014; Johnson, Friend, Rutherford, et al., 2016; Mallin & Mayo, 2006; Morris et al., 1994). Yet, sales relationships may include many interactions and take a long time to develop, suggesting that selling may be a process with no one single event determining overall success or failure (Davies & Ryals, 2014).

Third, while making a sale may appear to be successful from the perspective of the salesperson, selling to a customer who does not have the right long-term fit for the organisation may constitute a failure of sales management and/or selling strategy (Davies & Ryals, 2014; Heidenreich et al., 2014).

All of this leads to the suggestion that achieving sales performance of itself is not sufficient to avoid overall sales failure (Davies & Ryals, 2014; Heidenreich et al., 2014; Johnson, Friend, Rutherford, et al., 2016). Furthermore, it offers an insight into the relationships between sales strategy, sales management and selling effort and recommends consideration of how each contributes to the ability of the selling organisation to achieve its full potential.

As such, this study sought to provide further clarity and order to extant literature and aid researchers by identifying potential avenues for future research (Khusainova et al., 2018). It concluded that categorising sales failure into failures caused by sales strategy, salespeople and sales management provides a useful lens for further investigation. All this leads to:

RQ1: What are the antecedents of sales failure in respect of selling strategy, sales management and selling effort?

1.1.2. Effectual buying

The issue of sales failure may, however, also be significantly affected by firm size. Small firms are by definition smaller and markedly different in terms of structure, culture, organisation, operations, market and customer (Huin, Luong, & Abhary, 2002; Kavak, Tunçel, & Özyörük, 2015; Koh, Demirbag, Bayraktar, Tatoglu, & Zaim, 2007), have less expertise, less ability to plan, are more vulnerable to external forces (Beekman & Robinson, 2004; Morrissey & Pittaway, 2006; Thakkar, Kanda, & Deshmukh, 2008b). Moreover, unlike their larger counterparts, which have better educated and more experienced managers, small firms operate more informally and in more individual ways, which are different to the methods used by large firms (Kavak et al., 2015; Morrissey & Pittaway, 2006; Seung-Kuk, Bagchi, Skjøtt-Larsen, & Adams, 2009; Thakkar, Kanda, & Deshmukh, 2008a). Large and small firms therefore approach supplier selection and buying strategy differently (Ellegaard, 2006).

Larger firms have the ability to employ professionally trained buyers, yet small firms often lack dedicated resources. This leads to the owner-manager taking personal control of buying (Adams et al., 2013). However, it may be that small firm owner-managers choose to take personal control of buying decisions as input price is an important factor when it comes to overall profitability (Adams et al., 2013; Morrissey & Pittaway, 2006; Thakkar et al., 2008a).

Furthermore, buying decisions have the potential to create financial risks for the firm, which in turn could carry significant personal financial consequences (Ellegaard, 2009). To maximise profit and minimise such risks small firm owner-managers might well prioritise suppliers from within personal or business networks and, where available, could exhibit a preference to buy under flexible contract terms (Ellegaard, 2006; Ellegaard, 2009; Morrissey & Pittaway, 2006).

Personal control of buying leads to it being deemed a low-priority task, undertaken only when necessary, handled with less formality, using opinions rather than facts, and with decisions made faster than those made by larger firms (Ellegaard, 2006). Another consequence of owner-managers attaching a low priority to buying is their lack of understanding when it comes to the marketplace and the range of options available to them (Seung-Kuk et al., 2009).

A call for work to integrate IMP group buyer–seller theory with that of small business management and entrepreneurship (Bocconcelli et al., 2016) led to consideration of effectuation theory (Sarasvathy, 2009) as a lens through which to consider small firm buying and selling behaviour. Effectuation theory (Sarasvathy, 2001a) posits that small firm owner-managers think, make decisions and act differently than decision makers in large organisations (Dew et al., 2009;

Read & Sarasvathy, 2012; Sarasvathy, 2001b). It is a theory that seeks to explain how decisions can be made in a situation of uncertainty (Sarasvathy, 2001b).

Effectuation logic is based upon five principles which provide a framework for decision-making:

1. Means are the resources of “who I am”, “what I know” and “whom I know” (Sarasvathy, 2001b, p. 78). They are called ‘means’ because they are readily available to the entrepreneur.
2. Partnership, which is the desire and ability to share both opportunity and risk in the venture (Sarasvathy, 2009), or to create new opportunity by recruiting a partner (Welter, Mauer, & Wuebker, 2016).
3. Leverage contingency, is the ability to welcome problems as opportunities and to change business direction to gain the best possible advantage;
4. Affordable loss, is the sum of time and money available that may be lost without causing the absolute failure of the venture (Sarasvathy, 2009). When faced with an investment decision from which the overall return on investment is unclear, a small firm owner-manager may choose to consider the downside of the decision, specifically the impact to the venture should the investment decision lead to a loss. With this in mind, affordable loss provides a useful lens through which an owner-manager of a small firm may be more able to commit to action if they know that the risk has been controlled to one that is affordable (Dew et al., 2009).
5. Control the controllable. The above principles provide different ways in which a decision can be determined. Yet, in situations of uncertainty the decision maker may not be able to shape or control everything that may impact their decision. Effectuation logic posits that the entrepreneur identify, then focus on the elements of the environment that can be partially or fully controlled (Sarasvathy, 2009).

Scholars have categorised decision-making into the topologies of causal and effectuation logic (Fisher, 2012; Sarasvathy, 2001b; Senyard & Baker, 2011). Causal decision-making describes how a business identifies a goal, then determines the best resources and actions to achieve that goal (Sarasvathy, 2001b). Effectuation logic describes how, when faced with uncertainty, an entrepreneur will rely on their personal means, skills and knowledge to arrive at a decision (Fisher, 2012). Effectual theory posits that entrepreneurs think, make decisions and act differently to decision-makers in the main.

It must be recognised that not all scholars support effectuation logic as a theory. The principles of effectuation means and effectuation affordable loss may also be explainable through existing marketing theory. Furthermore, the development of effectuation logic may not be subject to the rigour required for it to be considered an academic theory (Arend, Sarooghi, & Burkemper, 2016). Yet, while effectuation logic does indeed stand alongside existing marketing theory, it appears to provide a useful theoretical lens through which to explain empirical findings (Mäensivu, Toivonen, & Tammela, 2017). Examples of use include corporate innovation (Roach, Ryman, & Makani, 2016), high growth sectors (Futterer, Schmidt, & Heidenreich, 2018), production management (Brettel, Bendig, Keller, Friederichsen, & Rosenberg, 2014) and New Product Development (NPD) (Ortega, García, & Santos, 2017; Wu, Liu, & Su, 2020).

This reported difference in decision-making logic suggests that the tools and techniques used by small firm owner-managers to determine buying decisions may differ from those used by their larger counterparts (Fisher, 2012; Sarasvathy, 2001b; Senyard & Baker, 2011). All this leads to:

RQ 2: How does effectual logic impact the buying decision outcomes of small firm owner-managers?

1.1.3. Effectual selling

Effectual logic may also, in addition to firm size, of course have additional intersectional, relational context aspects. Key Account Management, for example, is a specific dyadic relationship in which buyer and seller invest significant resources, with the intention of developing a long-term, mutually beneficial, trading relationship (Davies & Ryals, 2014; Homburg, Droll, & Totzek, 2008). To achieve success and avoid sales failure, asymmetrical outcomes (Chowdhury et al., 2016), perceived unfairness (Abosag, Yen, & Barnes, 2016) or conflicts of interest (Chung, Wang, Huang, & Yang, 2016), both parties, therefore, need to identify opportunities offering genuine mutual benefit, and commit appropriate resources.

KAM relationships are usually the domain of large companies as they require significant long-term commitment and investment. Indeed, the levels of resources required is a potential barrier that may prevent a resource restricted small firm from entering into such a relationship (Ellegaard, 2006). Effectual logic, however, may provide a way in which a small firm can overcome said resource restrictions, thus facilitating KAM relationship entry. A comparison of causal and effectual KAM is shown in Table *1.1.3-1*.

Table 1.1.3-1: Comparison of causal and effectual thinking within a KAM situation

	Traditional KAM (causal)	Effectuation-based KAM
Partnership	Ends-orientated strategic alliance utilising pre-agreed resources (McKelvie et al., 2019)	Self-selecting partners co-creating solutions based upon available means (McKelvie et al., 2019)
	Partnership to meet needs (Håkansson et al., 2009)	Partnerships are opportunities (Sarasvathy, 2009)
Resources	Apply resources to achieve goals (Ivens & Pardo, 2007)	Resources: What resources are available? Who I am, what I know, who I know (Sarasvathy, 2009)
Risk and trust	Return on investment (Friend et al., 2014)	Affordable loss: What can I afford to lose? (Dew et al., 2009; Sarasvathy, 2009)
	Predict, plan and control (planning behaviour with a long-term orientation) (Ivens & Pardo, 2007)	We cannot control the future, but we can co-create value (Sarasvathy, 2009)
	Relationship commitment, shared values, open communication, cooperation (Davies & Ryals, 2014; Grandinetti, 2017; Heidenreich et al., 2015).	Leverage surprises (Sarasvathy, 2009)
Opportunity and NPD idea generation	Firm awareness of a set of customers with a particular set of current or unmet needs (Ivens & Pardo, 2007) Market driven; customer focused. Clear goals and product roadmap that is strategically aligned to the business (Cooper, 2018).	External environmental changes (e.g. technological advancements or regulatory changes) (J. W. Webb, Ireland, Hitt, Kistruck, & Tihanyi, 2011) Experimentation. Identification of short-term, realisable business opportunities (Ortega et al., 2017; Sarasvathy, 2009)

KAM-related literature recommends that products and services as well as buyer–seller relationships, should be adapted to address both buyer needs/problems (Davies & Ryals, 2014; Weitz, Sujan, & Sujan, 1986). From a sellers' perspective, a KAM relationship may drive innovation, relationship development and enhance access to senior management, leading to future planning that supports the development of sustainable competitive advantage (M. Kim & Chai, 2017; La Rocca, Moscatelli, Perna, & Snehota, 2016). For the buyer, such activities may provide access to supplier innovation and additional resources that can be exploited. Moreover, by engaging in a KAM relationship, a buyer may also be able to prevent competitor access to supplier innovation, thus securing a commercial advantage (Schiele, 2012). Indeed, the specific objective of many KAM relationships is to provide a deeper level of integration between the buyer and seller, which can lead to co-created innovative solutions and mutual value creation and longer-term beneficial results (Davies & Ryals, 2014; Friend et al., 2014; Friend & Johnson, 2014).

From a seller's perspective, required resources may include management time to identify KAM opportunities, salespeople to build and sustain the relationship and development of a KAM culture. Additionally, the seller must provide resources and investment to customise or adapt product/services as required by the buyer (Davies & Ryals, 2014). However, due to resource restriction (Ellegaard, 2006) it may be that a small firm is unable to provide everything required by KAM buyer, thus, use of effectual logic may be applied.

In contrast to causal logic, which would suggest that products/services are developed and targeted towards the needs of clearly identified market segments (Cron, Baldauf, Leigh, & Grossenbacher, 2014; Panagopoulos & Avlonitis, 2010; Terho, Eggert, Haas, & Ulaga, 2015), effectual logic would suggest that once a product/service has been produced, the small firm would endeavour to exploit it through the identification of additional customers to whom it could be successfully sold (Sarasvathy, 2009). Furthermore, applying effectual logic and leveraging contingences may result in excessive experimentation and/or creating competing innovations. This may negatively impact the ability of the firm to successfully innovate, with a depletion of resources impacting the firm's ability to undertake market development (Morgan, Anokhin, Kretinin, & Frishammar, 2015). A comparison of causal and effectual approaches to NPD is presented in Table 1.1.3-2.

Table 1.1.3-2: Comparison of causal and effectual NPD processes

New product development	Causal approach	Effectual approach
Process	Formal stage-gated process (Cooper, 2018)	Flexible, experimental un-bureaucratic process (Berends et al., 2014; Ortega et al., 2017)
Idea generation (Cooper, 2018)	Market driven; customer focused. Clear goals and product roadmap that is strategically aligned to the business (Cooper, 2018)	Experimentation. Identification of short term, realisable business opportunities (Ortega et al., 2017; Sarasvathy, 2009)
Business case (Cooper, 2018) and selection (Leithold et al., 2016)	Preliminary market & technology assessment, leading to a business case with financial analysis of likely costs and expected returns (Cooper, 2018)	Constrained by available resources (Berends et al., 2014) and affordable loss (Dew et al., 2009) May be developed through partnerships (Ortega et al., 2017) and pre-commitments (Sarasvathy, 2009)
Development (Cooper, 2018; Leithold et al., 2016)	Multi-stage, pre-planned disciplined process supported by adequate resources (Cooper, 2018)	Experimental process, unexpected contingences are welcomed and leveraged. Constrained by available resources (Ortega et al., 2017)
Testing (Cooper, 2018)	Continuous process of "build-test-feedback-revise" (Cooper, 2018, p. 4) to achieve best customer value proposition (Cooper, 2018)	Market experimentation. Sell what can be made (Sarasvathy, 2009)
Launch (Cooper, 2018; Leithold et al., 2016)	Formal marketing plan (Cooper, 2018)	Testing is launch (Sarasvathy, 2009)

While KAM relationships have potential benefits for both buyer and seller, it is important to avoid a relationship imbalance. Negative consequences may be caused by inappropriate actions of either or both parties (Fang, Chang, & Peng, 2011). These may include hostility, distortion, distrust and withholding information (Abosag et al., 2016; Grandinetti, 2017), relationship neglect, complacency and loss of objectivity (Frow, Payne, Wilkinson, & Young, 2011). Additionally, over time negative attitudes may develop toward the relationship which may in turn develop uncertainty and the potential to lead to conflict (Abosag et al., 2016). In addition, trust and reciprocity may impact decision-making processes and create unwelcome obligations (Skinner, Dietz, & Weibel, 2014), which may result in continuation of a project, despite a marginal business case. All this leads to:

RQ 3: Does effectual logic provide a way in which a small firm can overcome resource restrictions and uncertainty in a KAM situation and if so, to what extent is such usage an antecedent to positive or negative outcomes?

1.1.4.Summary research questions and linkage between the papers

Investigations in respect of the above 3 RQ's questions are reported in 4 interlinked papers that are presented in this thesis.

Paper 1 addresses RQ1. It reports findings from a systematic literature review into the antecedents of sales failure.

Papers 2 and 3 address RQ2. Paper 2 presents a conceptual model that considers the impact of effectuation on the decision-making logic used by small firm owner-managers. This work is further extended by an empirical study into the decision-making logic used by owner-managers of micro firms. Findings of which are reported in Paper 3.

Paper 4 addresses RQ3. It reports findings of a longitudinal case study into a firm that appears to have used effectual selling to enter into a KAM relationship with a major UK grocery firm.

Figure *1.1.4-1* presents summary of linkage between research questions and papers.

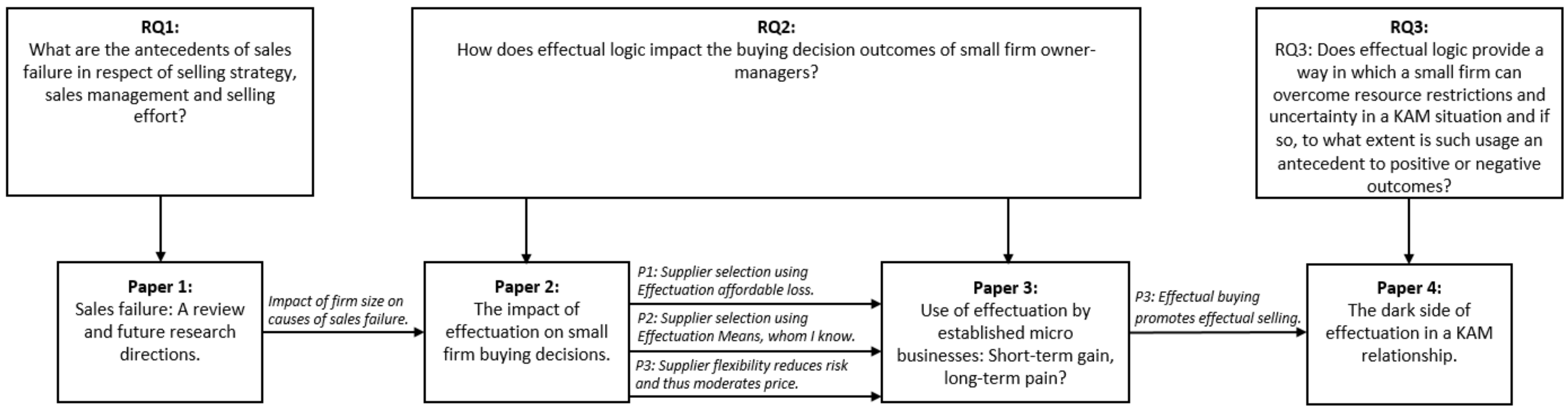

Figure 1.1.4-1: Summary of linkage between research questions and papers

1.2. Philosophy, methods, key findings and contributions

This section provides an overview of the philosophy, methods, key findings and contributions reported in this study.

1.2.1. Research philosophy

This study synthesised extant theory in relation to effectuation (Sarasvathy, 2009) and IMP interaction (Håkansson et al., 2009) to further knowledge and understanding of how these may apply to a small firm owner-manager and their relationships when engaged in buying and selling activities. Both underpinning theories appear to be premised on the same philosophical foundations.

The ontological position of effectuation appears to be one in which multiple meanings are derived from the complexity and richness of socially constructed interaction (Sarasvathy, 2009). The epistemological position appears to be one in which a focus on narratives, perceptions and interpretations provide new understandings of the world (Sarasvathy, 2009; Saunders et al., 2012). Indeed, Karami, Wooliscroft, & McNeill (2019) argue that the processes and logic described by effectuation is of itself constructionist, as opportunity starts as with a general aspiration, which through social interaction is developed into entrepreneurial activity. A similar philosophy appears to underpin the work of IMP interaction scholars, who focus on the complexity of social interaction and the active role that people take within inter-firm relationships, processes and practices, with new meanings and associations are derived and theory developed (Håkansson et al., 2009; Ojansivu et al., 2020).

This study is an exploration into the perceptions of small firm owner managers and their employees when engaged in activities associated with buyer-seller interaction. A philosophical acceptance that owner-managers of small firms are involved in the creation of their own reality (Metzger & King, 2015) suggests an investigation of how actors make sense of their inter-personal relationships (Saunders, Lewis & Thornhill, 2012; Smith, Flowers, & Larkin, 2009). This leads to a constructionist ontological position (Seidman, 2013). The epistemological position is interpretivist, focusing on understanding the perspectives of small firm owner-managers when engaged in buying, selling and associated NPD activity required, to support such customer interaction (Bryman & Bell, 2015).

The research questions are exploratory, which recommended a Qualitative research design (Bryman & Bell, 2015; Silverman, 2013). Accordingly, conceptual modelling was used to synthesise extant literature and develop new understandings (Britt, 2014; Meredith, 1993). Semi-structured interviews (Bryman & Bell, 2015; Creswell & Poth, 2016) and a single in-depth case study were used to further explore the impact of effectuation (McKelvie et al., 2019) on small firm buyer-seller relationships.

1.2.2. Research question 1: Sales failure

Research question 1 is addressed in the first paper presented in this thesis, entitled *Sales failure: A review and future research directions* (page 27). It is a review of literature in respect of sales failure. It was undertaken using a structured, transparent, reproducible, evidence-based approach (Tranfield, Denyer, & Smart, 2003). A funnelling approach was taken to collecting the data and refining it to achieve clarity and focus (Khusainova et al., 2018).

Publish or Perish, an automated software tool, was used to conduct a wide range of initial searches (Harzing, 2013; Harzing & Alakangas, 2016; Martin-Martin, Orduna-Malea, Harzing, & Delgado López-Cózar, 2017). The date range employed was 1980-2018. Search terms included adaptive selling, buyer-seller relationships, buying centre, challenger sale, consultative selling, co-creation of value, customer relationship management, customer-orientated selling, customer service failure, ethical sales, key account management (KAM), new business development, relationship marketing, sales failure, sales management, sales strategy, sales technology, service dominant logic, social exchange, spin selling and synonyms thereof. In all, 5,650 articles were downloaded and inspected. Following the removal of duplicates, articles and reports that had not been published in peer-reviewed academic journals and those written in a language other than English, a total of 1,049 articles were identified as potentially relevant. After further filtering by abstract and conclusions, some 104 articles were identified, upon which this review is based.

Prior to this study, literature appears to describe failure and success in simplistic, uni-variable terms. Yet, while a single failure event or even combination of failures, may not of itself lead to complete sales failure in the short term, suboptimal performance may lead to an organisation failing to achieve its maximum sales potential. Similarly, achieving a sale may be an acceptable short-term situation for a firm, but failure to reach maximum sales potential in terms of achieving sales strategy through optimal sales management activities and the most appropriate sales effort, may lead to negative longer-term consequences. For example, exploitation of missed opportunities by competitors may lead to additional sales revenues for themselves and a smaller overall market share, lower growth and profits and reduced ability to reinvest in new products, services or infrastructure for the firm (McGowan, 2020).

Whilst agreeing that a level of sales failure is to be expected, though not desirable (Fine, 2007; Morris et al., 1994), selling organisations need to constantly improve their competitiveness. As shown in Figure 1.2.2-1, overall sales failure is a formative construct, made up of three broad variables, their combination determining where, on a three dimensional 'sales failure' scale, an organisation sits. Therefore, this study adds to knowledge through the identification and measurement of different types of sales failure, so that an organisation is able to both measure and visualise the distance that its salesforce is from overall sales failure. Areas of deficit could then be identified, enabling corrective action to be undertaken as required (McGowan, 2020).

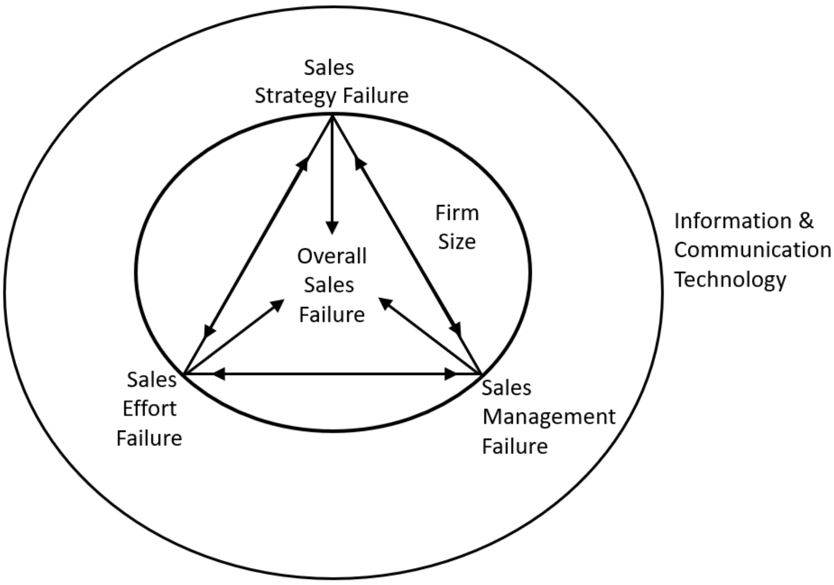

Figure 1.2.2-1: The effect of firm size and ICT/IM usage on overall sales failure

Additionally, this study determined that the examination of the impact of the construct of firm size appeared to be absent in extant literature. This was surprising as it is reported in literature pertaining to buyer behaviours, with the suggestion that small firms differ in their decision-making and activities, compared to larger firms (Ellegaard, 2006; Ellegaard, 2009). This claimed difference in decision-making logic is further investigated in papers 2, 3 and 4, presented herein.

1.2.3. Research question 2: Effectual buying

Research question 2 is addressed in the second and third paper presented herein. Both papers consider the buying behaviour of small firm owner-managers through the lens of effectual logic (Sarasvathy, 2009).

Paper 2, entitled: *The impact of effectuation on the buying decisions of small firms* (page 69) reports on the development of a conceptual model (Meredith, 1993) that considered the effects of effectuation logic in relation to the predilections of small firm owner-managers. These predilections were in terms of selecting trusted suppliers that offer sufficient available support resources to reduce potential losses to an affordable level, using personal and business networks, and engaging with them on flexible terms (Cambra-Fierro & Polo-Redondo, 2009; Dew et al., 2009; Morrissey & Pittaway, 2004, 2006; Sarasvathy, 2001b). This is presented in Figure 1.2.3-1.

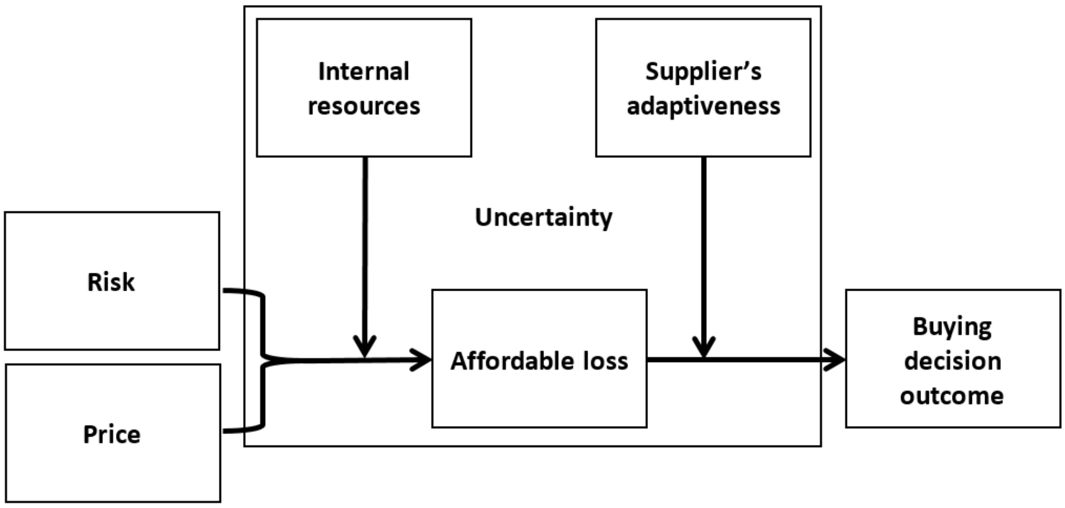

Figure 1.2.3-1: Effect of effectuation logic on sales outcome

The literature appears to suggest a continuum relating to the trading relationships, which can serve as a grading system with which to measure the impact that the goods or services have on the ability of the small firm owner-manager to fulfil the expectations of their customers (Ellegaard, 2009; Rezaei, Ortt, & Trott, 2015; Thakkar et al., 2008a). The greater the risk that the buying decision poses to the small firm owner-manager's customers, the greater the need for losses to be managed to a level of affordability (Dew et al., 2009; Seung-Kuk et al., 2009). Whereas large firms are likely to reduce risk by using formalised buying procedures to select suppliers and make buying decisions (Seung-Kuk et al., 2009), it appears that small firm owner-managers may use the principles of effectuation affordable loss and effectuation means to identify and manage potential loss (Dew et al., 2009; Sarasvathy, 2001b).

The model presented adds to theory by including the impact of affordable loss (Dew et al., 2009) and assessment of internal resources on the buying decision outcome. Indeed, in contrast to extant literature that suggests that price and risk are the primary constructs, affordable loss (Dew et al., 2009) provides an economic model that suggests that a small firm owner-manager will only risk what they can afford to lose. Potential loss can be considered in both monetary and non-monetary terms. Direct financial loss may include paying too much, incorrect quantities or unsuitable goods or inadvertently creating a situation there their firm may be unable to service its own customers at the level required to create customer satisfaction and positively impact intentions to buy (Håkansson et al., 2009).

Conversely, controlling loss to that which is affordable and selecting suppliers through personal and business networks may provide the freedom to experiment with supplier choice and gain competitive edge by selecting suppliers who may be seen as too risky or immature by larger firms. Indeed, selection of suppliers who are personally known to the small firm owner-manager appears to enable assessment of the adaptability of the suppler, their trustworthiness and the likelihood of them resolving problems should things go wrong (McGowan, 2018).

In respect of internal resources, the model suggests that the value of supplier backup offered will depend on the availability of internal resources. Whereas a lack of internal resources may increase the perceived value of a supplier's offer, already having the required resources will reduce perceived value. When a small firm owner-manager factors in the cost of maintaining internal resources so as to protect from supplier underperformance vs. the backup offered by the supplier, the overall value proposition presented by the seller will change. Sellers need to be cognisant that the internal resources available to a small firm owner-manager may affect the price that they are prepared to pay (McGowan, 2018).

As the model presented in Figure 1.2.3-1 (page 15) is conceptual, empirical work to further explore the relationships was undertaken.

Paper 3, entitled: *The use of effectuation by established micro businesses: Short term pain, long term gain?* (page 89), reports on an empirical investigation into how and why an owner-manager of a micro firm makes buying decisions. It was designed to test the propositions made in McGowan (2018).

In order to investigate the impact of effectual logic on buyer-seller relationships, it was important to identify a sector in which effectual buying would be a logical strategy, at least by the micro firms that operate in it, and in which the customers value other aspects of the relationship above price, for example, the skills and abilities of the provider or technical support. Extant literature suggested that the telecommunication sector would appear to be such a sector; due to the technical nature of the products, customers use constructs other than price to determine the selection of their supplier (Badri Ahmadi, Hashemi Petrudi, & Wang, 2017; Yang, 2015). Thus, by selecting participants operating in a single market, other extraneous factors were minimised (Saunders et al., 2012).

Prior work in relation to buying by Ellegaard (2009) suggested that owner-managers take personal control of buying decisions. Yet, in his paper, a small firm is defined as employing fewer than 20 people. While ensuring that his sample contained only firms where the owner-manager is in day-to-day control, this size classification does not align with the recognised definition of a small firm. The European Union does, however, provide some useful definitions for Small- and Medium-Sized Enterprises (SMEs), with a small firm having between 0–49 employees and/or turnover of less than €50M ("What is an SME", 2005). While it may be that owner-managers of a firm at the lower end of this scale may take personal ownership of buying decisions, it would seem plausible that firms at the upper end of the scale may employ staff to engage in buying activities. This suggests that the European Union’s definition of a micro firm as having fewer than 10 staff and/or turnover less than €2M ("What is an SME," 2005), was the most appropriate measure for this study.

Purposive homogeneous sampling was used to identify participants. An interview script linking questions to literature and casual or effectual decision-making was developed and is presented in Appendix A (page 175) (McKelvie et al., 2019). Semi-structured recorded telephone interviews were conducted with 13 owner-managers of micro firms, transcribed verbatim and analysed thematically using the Braun and Clarke (2006) six-stage process.

A revised conceptual model is presented, as shown in Figure 1.2.3-2. This considered the impact of effectual selling, as the sum of what can be bought will ultimately impact what can be sold (Håkansson et al., 2009). It was proposed that the use of an effectual buying strategy by an owner-manager may thus lead to an effectual selling strategy. Indeed, when an owner-manager identifies an opportunity that they are unable to fulfil through their existing means, they may well utilise their effectual buying skills to identify a supplier through which the means can be accessed to maximise their selling opportunity (McGowan, 2018).

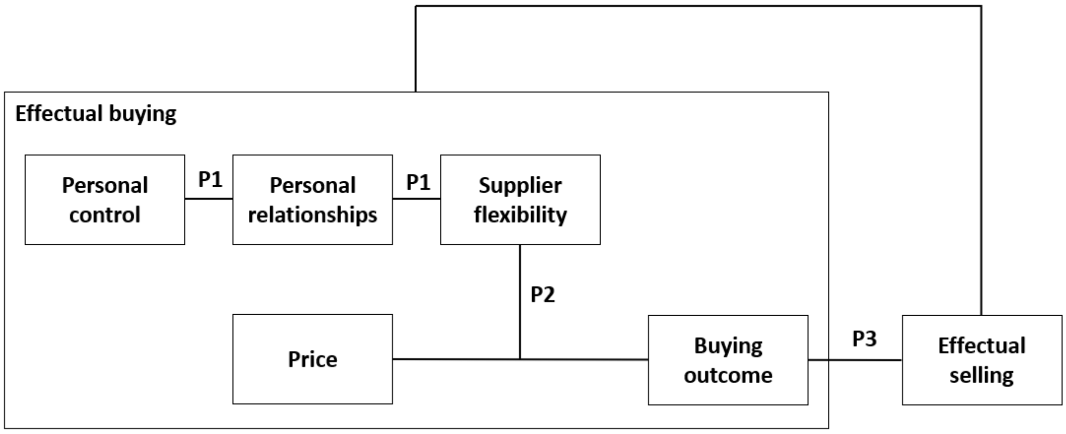

Figure 1.2.3-2: The relationship between effectual buying and selling

Findings confirmed that micro firm owner-managers do indeed apply effectual logic when making a buying decision (Sarasvathy, 2009); specifically, through the personal control of buying activities they develop effectual means through personal relationships with trusted suppliers (McGowan, 2018; Sarasvathy, 2009). Such relationships positively promote supplier flexibility, which is operationalised as the provision of support and backup that is applied to resolve problems should things go wrong. As the level of supplier flexibility minimises loss potential to that which is affordable (Dew et al., 2009), the owner-manager is therefore willing to pay more for the products and services that they buy (McGowan, 2018).

Furthermore, application of effectual logic to buying decisions appears to positively promote the use of effectual selling, thus enabling the owner-manager to match customer requirements in real time to that which they have or can access from suppliers. This creates an ongoing iterative process, in which effectual selling leads to effectual buying.

Effectual selling leads to greater uncertainty as the owner-manager of a micro firm would appear to prioritise current customer needs over firm specialisation. This leads to a wider range of products/services being delivered to customers, than can be directly supported by the micro firm. Accordingly, the owner-manager of the micro firm is beholden to its suppliers to deliver said support resources. Therefore, in contrast to extant literature, which states that use of effectual logic will reduce uncertainty (Dew et al., 2009; Sarasvathy, 2009), the findings of this study suggest that when applied to buying and selling decisions, instead it will create more.

1.2.4. Research question 3: Effectual selling

Research question 3, in respect of effectual selling, is addressed in the fourth paper presented in this thesis, entitled: *The dark side of effectuation in a KAM relationship* (page 113).

An exploratory longitudinal case study approach was adopted (Eisenhardt, 1989; McKelvie et al., 2019; Yin, 2009) that examined a single small firm operating in the snack foods sector of the UK foods industry. The company was chosen because in respect of their NPD activities it appeared to demonstrate the use of effectual logic through experimentation with flexibility of process and outcome, and the management of loss potential to that which is affordable (Wu et al., 2020). This behaviour was evident both before and after a Key Account Management relationship was established. This study follows the period in which the firm entered into a KAM relationship with a major UK supermarket. It focused on investigating the decision-making within three NPD projects subsequent to establishing this relationship, and also their implications on the relationship with the KAM partner and another key established retail customer.

The firm was studied through 3 years of operation from 2015 to 2018. The longitudinal basis of this research avoids the limitations of studying cases on the basis of retrospective reports (Runyan, 1982). Indeed, methods applied respond to the call from McKelvie et al. (2019) for more longitudinal case study research to understand how effectuation works in real time, as well as understanding antecedents and outcomes of use of effectual logic.

Analysis focuses on four embedded cases of new NPD projects. Each project followed a purposive sampling strategy, on the basis it was information rich with respect to the phenomenon of interest (Patton, 2002; Creswell and Plano Clark, 2011). While perceived limits of this research design are acknowledged, it would appear it is well suited to providing new insights within this area of underdeveloped theory, and can also achieve analytical generalisation (Eisenhardt, 1989; Yin, 1994).

The findings of this study appear to show that use of effectual logic has the potential to develop a dark side within business-to-business buyer–seller relationships, through the involuntary breach of trust on the part of the selling party (Oliveira & Lumineau, 2019). Effectual logic may positively moderate the ability of the supplier to enter into a KAM relationship by enabling them to obtain required resources and limit risk, i.e. to provide the wherewithal to enable relationship entry (Dew et al., 2009; Roach et al., 2016; Sarasvathy, 2009). Once within the relationship, however, use of effectual logic to determine product and service quality may also moderate the overall outcome of the KAM relationship.

Effectuation theory suggests that making a commitment to a customer without necessarily having the wherewithal to deliver on it is an acceptable business practice providing that, using effectual means and partnership, the required resources can be acquired or accessed when needed (Berends et al., 2014; Duening et al., 2012; Sarasvathy, 2009). Effectuation, therefore, provides the small firm with the ability to deliver resources as and when required. This in turn moderates the level of trust that the customer has toward the supplier, as when promises are kept, trust is positively promoted, but if promises are broken, trust is negatively impacted as shown in Figure 1.2.4-1 .

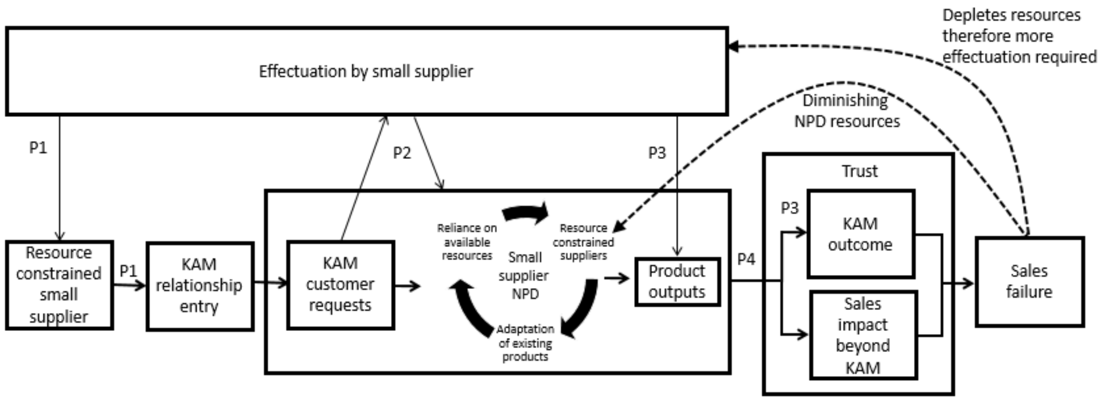

Figure 1.2.4-1: The impact of effectuation on customer trust and relationship outcome

As trust is an underpinning requirement for buyer–seller relationships (Davies & Ryals, 2014; Grandinetti, 2017; Heidenreich et al., 2015), it is a useful predictor of overall relationship outcome, with involuntary breaches of trust promoting the development of a dark side to the relationship (Oliveira & Lumineau, 2019). Furthermore, there is the potential for a negative spiral in which each failed attempt to effectuate a customer-focused new product may lead to resource depletion. In an attempt to recover lost resources, application of the effectual leverage contingency principle (Sarasvathy, 2009) by subsequently attempting to recoup lost resources through the sales of a rejected product, to other, non-KAM customers, may in turn further damage the trust relationships between the firm and its wider customer base. Therefore, this study suggests that there is a negative relationship between the application of effectual logic to overcome resource restriction and trust relationships with customers, albeit an involuntary one.

1.2.5. Summary

This study investigated how the use of effectual logic impacted small firm buyer-seller relationships, using 3 linked research questions, as shown in Figure 1.2.5-1 (page 22) and Table 1.2.5-1 (page 23). Findings show that use of effectual logic by small firm owner-managers when determining buying decisions does indeed impact the decision outcome. Furthermore, the use of effectual buying appears to promote, or even necessitate, use of effectual selling, in which a small firm owner-manager would appear to match in real-time what their end customer needs with what is available to them from their network of suppliers.

Yet, such use of effectual selling holds the potential for the seller to misrepresent their capability. This may be seen by a customer as a breach of trust (Oliveira & Lumineau, 2019). Lack of trust may promote buyer-seller relationship breakdown, with the potential to create a cascading cycle of sales failure. Accordingly, this study concludes that contrary to extant literature that suggests use of effectual logic by a small firm owner-manager may reduce uncertainty (Sarasvathy, 2009), findings have shown that such use to determine buying and selling decisions can instead, create more.

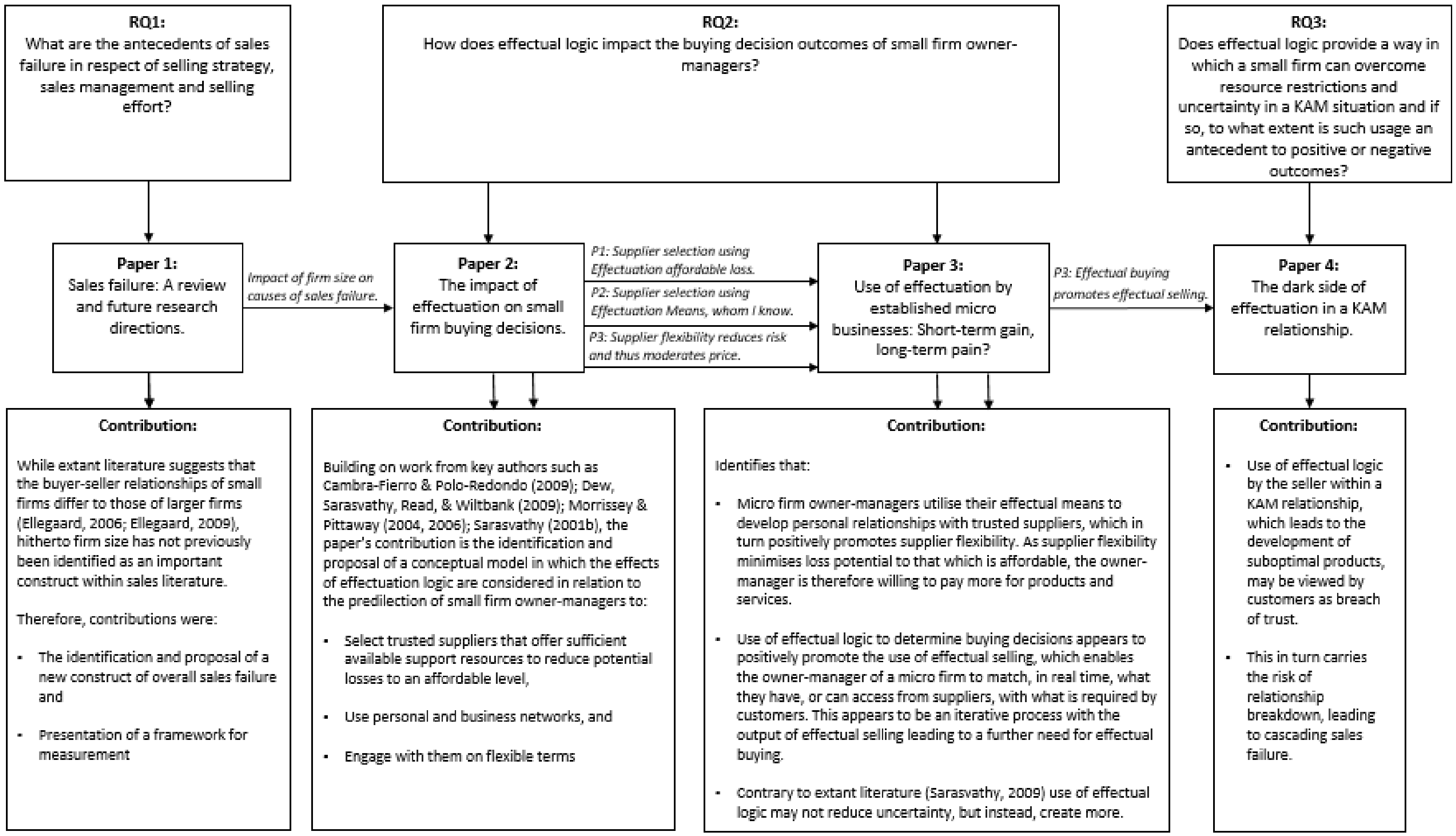

Figure 1.2.5-1: Summary of linkage between research questions, papers and contributions

Table 1.2.5-1: Research questions and contributions

Paper 1	Research gap	Research questions and propositions	Contributions
Sales failure: A review and future research directions (Literature review) International Journal of Logistics Research and Applications, 1−28. (ABS1; ABDC:B) Published 2020	Extant literature suggests that achieving sales performance of itself is not sufficient to avoid sales failure (Davies & Ryals, 2014; Heidenreich, Wittkowski, Handrich, & Falk, 2014; Johnson, Friend, Rutherford, et al., 2016). While extant literature discusses antecedents of sales failure relating to some individual constructs, it would appear the fuller context in which all elements that simultaneously and explicitly impact sales failure, have yet to be considered.	RQ1: What are the antecedents of sales failure in respect of selling strategy, sales management and selling effort?	While extant literature suggests that the buyer-seller relationships of small firms differ to those of larger firms (Ellegaard, 2006; Ellegaard, 2009), hitherto firm size has not previously been identified as an important construct within sales literature. Therefore, contributions were: • The identification and proposal of a new construct of overall sales failure and • Presentation of a framework for measurement

Table 1.2.5-1: Research questions and contributions (continued)

Paper 2	Research gap	Research questions and propositions	Contributions
The impact of effectuation on small firm buying decisions. (Conceptual) IMP Journal, 12(3), 444–459. (Merged to become Journal of Business and Industrial Marketing: ABS2) Published 2018	This paper responds to the call for further investigation into small firms within an IMP perspective with a focus on resource limitation (Bocconcelli et al., 2016). Furthermore, it attempts to bridge the distance between established IMP research and research streams in small business management and entrepreneurship' (Bocconcelli et al., 2016, p. 9).	RQ2: How does effectual logic impact the buying decision outcomes of small firm owner-managers?	Building on work from key authors such as Cambra-Fierro & Polo-Redondo (2009); Dew, Sarasvathy, Read, & Wiltbank (2009); Morrissey & Pittaway (2004, 2006); Sarasvathy (2001b), the paper's contribution is the identification and proposal of a conceptual model in which the effects of effectuation logic are considered in relation to the predilection of small firm owner-managers to: • Select trusted suppliers that offer sufficient available support resources to reduce potential losses to an affordable level, • Use personal and business networks, and • Engage with them on flexible terms

Table 1.2.5-1: Research questions and contributions (continued)

Paper 3	Research gap	Research questions and propositions	Contributions
Use of effectuation by established micro businesses: Short-term gain, long-term pain? (Empirical) Journal of Business and Industrial Marketing (IMP forum) (ABS2). Accepted for publication May 2020	This paper responds to a call by McGowan (2018) for empirical work to test the propositions made in respect of the impact of effectual logic on small firm buying decisions.	RQ2: How does effectual logic impact the buying decision outcomes of small firm owner-managers?	Identifies that: • Micro firm owner-managers utilise their effectual means to develop personal relationships with trusted suppliers, which in turn positively promotes supplier flexibility. As supplier flexibility minimises loss potential to that which is affordable, the owner-manager is therefore willing to pay more for products and services. • Use of effectual logic to determine buying decisions appears to positively promote the use of effectual selling, which enables the owner-manager of a micro firm to match, in real time, what they have, or can access from suppliers, with what is required by customers. This appears to be an iterative process with the output of effectual selling leading to a further need for effectual buying. • Contrary to extant literature (Sarasvathy, 2009) use of effectual logic may not reduce uncertainty, but instead, create more.

Table 1.2.5-1: Research questions and contributions (continued)

Paper 4	Research gap	Research questions and propositions	Contributions
The dark side of effectuation in a KAM relationship. (Empirical) Journal of Business and Industrial Marketing (IMP forum) (ABS2). Under review	Extant literature suggests that use of effectual logic may positively impact inter-firm buyer–seller relationships (McGowan, 2018; Read, Dew, Sarasvathy, Song, & Wiltbank, 2009; Sarasvathy, 2009), yet its application to KAM situations have hitherto not been investigated. Furthermore, it responds to a call from Oliveira and Lumineau (2019) for further investigation into the antecedents of the dark side of inter-organisational relationships.	RQ3: Does effectual logic provide a way in which a small firm can overcome resource restrictions and uncertainty in a KAM situation and if so, to what extent is such usage an antecedent to positive or negative outcomes?	• Use of effectual logic by the seller within a KAM relationship, which leads to the development of suboptimal products, may be viewed by customers as breach of trust. • This in turn carries the risk of relationship breakdown, leading to cascading sales failure.

2. Sales failure: A review and future research directions

Abstract

As much as 94% of all sales effort results in outcomes that can be perceived as denoting failure. This article presents findings from a systematic review of literature which identifies that, to date, no single review article appears to exist that simultaneously and explicitly considers the antecedents and detrimental effects of such sales failure. A total of 36 topics of interest were identified, with recommendations for future research presented for each. A framework for the measurement of overall sales failure is presented that proposes a synergistic relationship between the selling strategy of the firm, management capability to enact strategy through their teams as well as the skills, aptitude, professionalism and psychological factors associated with salespeople, without which the full sales potential of an organisation cannot be met. A discussion and suggestions for future research is then presented.

Keywords: Sales failure, Buyer seller relationships, Key Account Management, Sales measurement, Sales strategy, Sales management

2.1. Introduction

Sales success is critical to overall company performance (Cova, Salle, & Vincent, 2000; Korschun, 2015). Conversely, failure may mean not only the loss of orders and associated potential revenue and profit, but also the actual time and money spent bidding for the orders (Cova, Salle, & Vincent, 2000; Korschun, 2015). More sales opportunities are, however, lost than won, with claimed failure rates for selling activity as high as 94% (Raichshtain, 2014). Failure not only affects the company but may also have personal consequences for salespeople and their managers: “Accounting for sales loss is important to managing the sales force as well as helping to ensure corporate profitability. Indeed, inaccurate explanations [of sales loss] increase the likelihood that subsequent selling effort will prove ineffective” (Mallin & Mayo, 2006, p. 345). This suggests that academics and practitioners alike will benefit from new insights into this under-researched area and that the availability of causal information to minimise repeated failure would be strategically important (H. Liu et al., 2013).

Salespeople themselves, however, accept that failure is an expected part of their job (Fine, 2007; Morris et al., 1994). While failure may be expected at any time in a career, tenure is one significant factor, as the first few years in a selling role may involve more failure than later stages (Fine, 2007; Morris et al., 1994). Failures may include (but are not limited to) the failure to generate sufficient or appropriate sales leads, failure to secure appointments (Mallin & Mayo, 2006), being unprepared for meetings, not following up or completing actions (Gonzalez, Hoffman, & Ingram, 2014; Hansen, Lund, & DeCarlo, 2016; Pullins, Timonen, Kaski, & Holopainen, 2017), failure to assess customer needs correctly or to make an appropriate proposal (Friend et al., 2014; Pullins et al., 2017), failure to deal with cost or value objections or to negotiate agreements (Friend et al., 2014; Mallin & Mayo, 2006), failure to close the order or to win the account (Friend et al., 2014; Mallin & Mayo, 2006; Verbeke & Bagozzi, 2000), failure to dislodge an incumbent or to increase the supplier's share of the customer's wallet (Friend et al., 2014; LaForge, Ingram, Hoffman, & Gonzalez, 2010; Mayo & Mallin, 2010), failure of long-term relationships (H. Liu et al., 2013), failure caused by post-sale service problems, losing an existing customer (Chia-Chi, 2006; Friend et al., 2014; LaForge et al., 2010), and failure to reacquire lost customers (Elhafsi, Zhi, Camus, & Craye, 2015; Hansen et al., 2016; Widmier & Jackson Jr, 2002).

Nevertheless, for some salespeople failure may help them to learn and improve (A. L. Dixon & Schertzer, 2005; Johnson, Friend, Rutherford, et al., 2016; Mayo & Mallin, 2010), implying that short-term failure may assist towards long-term success. For others, however, fear of failure and fear of the consequences of repeated failure can promote reactions and emotions ranging from loss of organisational commitment and reduced productivity, to feelings of stress, anger, grief, loss of confidence and, ultimately, can lead to their departure from the organisation (Elhafsi et al., 2015; Goodwin, Mayo, & Hill, 1997; Morris et al., 1994). Furthermore, from a business perspective, reduced productivity and sales revenue as well as recruitment and training costs combine to make replacing a salesperson expensive (Richardson, 1999). This also suggests that further investigation to inform academics and practitioners of the causes of sales failure would be a worthwhile endeavour (A. L. Dixon, Spiro, & Forbes, 2003; Dubinsky, 1999; Dubinsky, Jolson, Anderson, & Mehta, 2001; Gonzalez et al., 2005; Johnson, Friend, Rutherford, et al., 2016; Johnston, Hair Jr, Boles, & Kurtz, 1989; Jolson, 1999; Morris et al., 1994).

Sales scholars have invested significant effort into investigating sales strategy and sales management and how each can be brought to bear to increase the effectiveness of salespeople (Fürst et al., 2017; Khusainova et al., 2018; Plank et al., 2018; Reid et al., 2017). Yet, there would appear to be little literature directed towards detriments, i.e. sales failure (Friend et al., 2014; Gonzalez et al., 2005; Johnson, Friend, Rutherford, et al., 2016; K. Wilson & Woodburn, 2014). Instead, while it would appear axiomatic that an individual's improvement may deliver a positive impact, achieving sales success may not, of itself, enable a salesperson to avoid failure. While an individual's performance may be good enough to make sales, their achievement, relative to their peers, may be such that management deem them to have failed in their role (Johnson, Friend, Rutherford, et al., 2016). Additionally, it would appear that much of the extant literature focuses on a single buyer-seller interaction, with a binary outcome of success or failure (Fine, 2007; Friend et al., 2014; Johnson, Friend, Rutherford, et al., 2016; Mallin & Mayo, 2006; Morris et al., 1994). Sales relationships, however, may take a long time to develop and include many interactions, suggesting that selling may be a process within which no one single event determines success or failure (Davies & Ryals, 2014). Furthermore, while making a sale may appear to be success from the perspective of the salesperson, selling to a customer who does not have the right long-term fit for the organisation may constitute a failure of sales management or strategy (Davies & Ryals, 2014; Heidenreich et al., 2014). All of this leads to the suggestion that achieving sales performance of itself is not sufficient to avoid overall sales failure (Davies & Ryals, 2014; Heidenreich et al., 2014; Johnson, Friend, Rutherford, et al., 2016). Furthermore, it offers an insight to the relationships between sales strategy, sales management and selling effort and recommends consideration of how each contribute to the ability of the selling organisation to achieve its full potential.

While there appears to be extant literature in respect of antecedents of sales failure relating to individual constructs, for example, sales strategy (Friend et al., 2014), the ability and performance of salespeople (Morris et al., 1994), or the management of the salesforce (Plank et al., 2018) it would appear the fuller context in which all elements that simultaneously and explicitly impact sales failure have yet to be considered. Thus, it would appear that the lack of literature in respect of antecedents and detrimental effects of overall sales failure, has yet to be fully investigated. As such there is the need for a review article. Review articles help to bring clarity and order to extant literature and aid researchers by identifying potential avenues for future research (Khusainova et al., 2018). Considering the pace of change currently affecting sales and sales management practice (Khusainova et al., 2018), it would appear that a timely review of extant literature pertaining to sales failure would provide clarity in relation to both individual and interrelated constructs. Accordingly, this paper seeks to synthesise findings from literature in respect of the performance and failure of sales strategy, salespeople and sales management, reporting on the antecedents of sales failure and provide suggestions for new areas of research.

This article therefore proceeds with a description of the methods and quality assurance procedures used during the systematic review. Findings are then presented and discussed, followed by conclusions and recommendations for future research.

2.2. Methodology

In undertaking the review presented here, a structured, transparent, reproducible, evidence-based approach was taken to selecting and assessing contributions (Tranfield, Denyer, & Smart, 2003). Moreover, a funnelling approach was taken to collecting the data and refining it to achieve clarity and focus (Khusainova et al., 2018).

So as to garner expert opinion on the topic, delegates at one academic and one practitioner conference were also consulted. In June 2017, 17 practitioner delegates took part in a 1-day workshop at the Sales Performance Association (SPA) annual conference. The SPA was selected as delegates are professional sales trainers, who could reasonably be expected to have relevant experience. In May 2018 leading sales academics were consulted at the Sales Educators Academy conference. The author would like to thank the delegates of both conferences for their valuable input into this paper.

Publish or Perish, an automated software tool, was used to conduct a wide range of initial searches (Harzing, 2013; Harzing & Alakangas, 2016; Martin-Martin, Orduna-Malea, Harzing, & Delgado López-Cózar, 2017). The date range employed was 1980-2018. Search terms included adaptive selling, buyer-seller relationships, buying centre, challenger sale, consultative selling, co-creation of value, customer relationship management, customer-orientated selling, customer service failure, ethical sales, Key Account Management, new business development, relationship marketing, sales failure, sales management, sales strategy, sales technology, service dominant logic, social exchange, spin selling and synonyms thereof. In all, 5,650 articles were downloaded and inspected. Following the removal of duplicates, articles and reports that had not been published in peer-reviewed academic journals and those written in a language other than English, a total of 1,049 articles were identified as potentially relevant. After further filtering by abstract and conclusions, some 104 articles were identified, upon which this review is based. Please see Table 2.2-1for details of the journals and Figure 2.2-1 for distribution by age.

Table 2.2-1: Journals

Journal	Number of articles
Industrial Marketing Management	23
Journal of Personal Selling & Sales Management	19
Journal of Business and Industrial Marketing	9
Journal of Theory and Practice	8
Journal of Marketing	6
Journal of the Academy of Marketing Science	5
Journal of Organizational Effectiveness: People and Performance	3
European Management Journal	2
European Journal of Marketing	2
Journal of Business Research	2
Journal of Marketing Research	2
Academy of Management Review	1
Business Horizons	1
Computers in Industry	1
International Journal of Ergonomics	1
International Journal of Marketing Studies	1
International Journal of Research in Marketing	1
International Journal of Retail & Distribution Management	1
International Journal of Selection & Assessment	1
Journal of Applied Psychology	1
Journal of Business Ethics	1
Journal of Economics, Finance & Administrative Science	1
Journal of Marketing Education	1
Journal of Operations Management	1
Journal of Purchasing and Supply Management	1
Journal of Relationship Marketing	1
Journal of Retailing and Consumer Services	1
Journal of Services Research	1
Journal of Transnational Management	1
Management Revue	1
Marketing Intelligence and Planning	1
Personnel Review	1
Psychology & Marketing	1
Risk Management	1

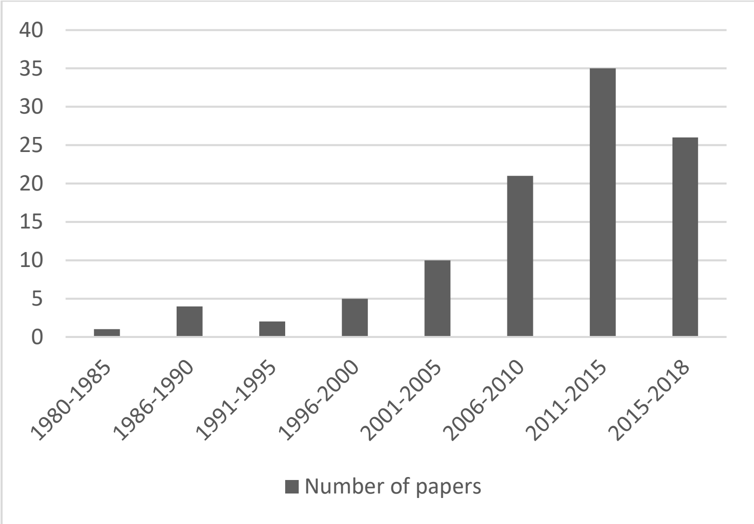

Figure 2.2-1: Distribution of papers by age of publication

The investigation into literature pertaining to sales failure identified 104 papers of interest. The conclusions of these papers were then thematically coded through the application of the Braun and Clarke (2006) six-stage process, as shown in Table 2.2-2. An initial 384 researcher-derived codes were created. Said nodes were developed into 54, which during phases 4, 5 and 6 became main themes comprising sales strategy, salespeople and sales management.

Within these 3 themes, 8 sub-themes were identified, comprising 36 topics. A discussion of each theme, sub-theme and topic is presented in this section, arranged as shown in Table *2.2-3* (page 34).

Table 2.2-2: Data analysis process adapted from Braun & Clarke (2006)

Phase	Description	Action
1	Data familiarisation	104 articles were read and re-read to achieve immersion in the data.
2	Generating initial codes	The whole data corpus was reviewed. 384 researcher-derived initial codes were developed. Code descriptions were developed to ensure consistency of coding. All codes were checked and re-checked 4 times to ensure validity of the data contained within.
3	Searching for themes	The data corpus was reviewed, New initial codes were introduced, and existing codes merged as new potential themes emerged from the data. After 4 reviews of the data, 54 potential themes were identified.

Table 2.2.2: Data analysis process adapted from Braun & Clarke (2006) (Continued)

Phase	Description	Action
4	Reviewing themes	Theme descriptions were developed to ensure consistency. After 4 reviews of the data, 10 themes emerged. Each had sub themes.
5	Defining and naming themes	Further analysis to refine themes and ensure clarity and consistency was conducted. After 4 reviews of the data, the final themes of failure of sales strategy, failure of salesperson and failure of sales management were developed. Sub themes and topics were named and checked for consistency.
6	Producing the report	Analysis continued throughout the writing-up of the article and during the revision process. A recursive approach was taken to allow for additional codes and themes to be created and included in analysis up to completion of the project. This resulted in name changes for 2 topics, so as to ensure clarity and consistency.

Table 2.2-3: Themes and sub-themes

Theme	Sub-theme	Topic	Case examples
Failure of sales strategy	Segmentation	Presence of	(Cron et al., 2014; Panagopoulos & Avlonitis, 2010; Terho et al., 2015)
		Criteria	(Boejgaard & Ellegaard, 2010; Dibb, 1998; Dibb, Simkin, & K. Wilson, 2008; Piercy & Garry, 2010)
		Implementation	(Boejgaard & Ellegaard, 2010; Dibb et al., 2008; Homburg et al., 2008; Sharma, 2007)
	Prioritisation and targeting	Marketing resources	(Homburg et al., 2008)
		Service levels	(Sharma, 2007)
		Key account selection	(Bygballe, 2016; Cuevas et al., 2015; Davies & Ryals, 2014; Y. Liu et al., 2012; Sharma & Evanschitzky, 2016)
		Reacquisition	(Gonzalez et al., 2014; Hansen et al., 2016; Heidenreich et al., 2015; Kothandaraman, Dingus, & Agnihotri, 2014; Leach & Liu, 2014; Wang & Huff, 2007)
	Channels	Buyer choice	(Claycomb, Iyer, & Germain, 2005; Eyuboglu, Kabadayi, & Buja, 2017; Fensel, Toma, García, Stavrakantonakis, & Fensel, 2014; Rosenbloom, 2007; Schwarzmüller, Brosi, Duman, & Welpe, 2018; Sharma & Mehrotra, 2007; Thaichon, Surachartkumtonkun, Quach, Weaven, & Palmatier, 2018; Yurova, Rippé, Weisfeld-Spolter, Sussan, & Arndt, 2016)
		Number and selection	(Eyuboglu et al., 2017; Kabadayi, 2011; Kabadayi, Eyuboglu, & Thomas, 2007; Sharma & Mehrotra, 2007; Yurova et al., 2016)
		Capabilities	(H. Wilson & Daniel, 2007)
		Conflict	(Fürst et al., 2017; Lapoule & Colla, 2016; Sharma & Mehrotra, 2007; K. L. Webb & Lambe, 2007; H. Wilson & Daniel, 2007)

Table 2.2-3 Themes and sub-themes (continued)

Theme	Sub-theme	Topic	Case examples
Failure of salespeople	Skills	Qualifying	(Ingram, Schwepker, & Hutson, 1992)
		Listening	(Baumann, Le Meunier-FitzHugh, & Wilson, 2017; Ingram et al., 1992; Johnson, Friend, & Malshe, 2016)
		Customer needs	(Ingram et al., 1992; Johnston et al., 1989; Jolson, 1999; Kaynak, Kara, Chow, & Laukkanen, 2016; Rackham, 1988)
		Product knowledge	(Baumann et al., 2017; Ingram et al., 1992; Johnston et al., 1989; Morris et al., 1994; Rackham, 1988)
		Adaptability	(Friend et al., 2014; Weitz et al., 1986)
		Relationship building	(Friend et al., 2014)
		Digital	(Adisa, Gbadamosi, & Osabutey, 2017; Hunter & Panagopoulos, 2015; Lindh & Nordman, 2017; Stich, Tarafdar, & Cooper, 2018)
	Aptitude and professionalism	Enthusiasm and discipline	(Ingram et al., 1992; Johnston et al., 1989; Jolson, 1999; Morris et al., 1994)
		Inter-personal relationships	(Johnston et al., 1989; Lussier, Grégoire, & Vachon, 2017; Morris et al., 1994)
		Presentation	(Morris et al., 1994)
		Experience	(Morris et al., 1994)
		Initiative	(Johnston et al., 1989)
		Organisation and administration	(Johnston et al., 1989; Morris et al., 1994)
		Ethics	(Bolander, Zahn, Loe, & Clark, 2015; Guenzi, De Luca, & Spiro, 2016; Wang & Huff, 2007)

Table 2.2-3 Themes and sub-themes (continued)

Theme	Sub-theme	Topic	Case examples
Failure of salespeople (continued)	Psychological factors	Motivation	(Khusainova et al., 2018; Mallin, Gammoh, Pullins, & Johnson, 2017).
		PsyCap	(Friend, Johnson, Luthans, & Sohi, 2016)
		Personality	(Ingram et al., 1992; David A. Locander, Mulki, & Weinberg, 2014; D. A. Locander, Weinberg, Mulki, & Locander, 2015; Lussier et al., 2017; Major, Turner, & Fletcher, 2006; Mulki , Jaramillo, & Locander, 2006; Prakash Mulki, Locander, Marshall, Harris, & Hensel, 2008; K. Wilson & Woodburn, 2014)
		Orientation	(Guenzi, 2003; Guenzi et al., 2016; Saxe & Weitz, 1982; Terho et al., 2015)
		Coping with failure	(Badovick, 1990; DeCarlo, Agarwal, & Vyas, 2007; A. L. Dixon & Schertzer, 2005; Dixon et al., 2003; A. L. Dixon, Spiro, & Jamil, 2001; Gonzalez et al., 2005; Goodwin et al., 1997; Harmon, Brown, Widing, & Hammond, 2002; Johnson, Friend, Rutherford, et al., 2016; Mallin & Mayo, 2006; Mayo & Mallin, 2010; Steward, Hutt, Walker, & Kumar, 2009; Teas & McElroy, 1986)

Table 2.2-3: Themes and sub-themes (continued)

Theme	Sub-theme	Topic	Case examples
Failure of sales management	Attributes	Skills	(Powers, DeCarlo, & Gupte, 2010; Powers, Jennings, & DeCarlo, 2014)
		Activities	(Murphy & Li, 2012; Plank et al., 2018; Reid et al., 2017)
	People	Recruitment	(Dubinsky et al., 2001; Randall & Randall, 2001; Richardson, 1999)
		Socialisation	(Albrecht, Bakker, Gruman, Macey, & Saks, 2015; Bande, Fernández-Ferrín, Varela, & Jaramillo, 2015; Commeiras, Loubes, & Bories-Azeau, 2013; A. L. Dixon et al., 2003; Friend et al., 2016; Knight, Mich, & Manion, 2014; Miao & Evans, 2013; Sager, Dubinsky, Wilson, & Shao, 2014; Saks & Gruman, 2014)
		Training	(Jolson, 1999; J. Kim, Lee, & Ryu, 2013; Kumar, Sunder, & Leone, 2014; Lassk, Ingram, Kraus, & Mascio, 2012; Loveland, Lounsbury, Park, & Jackson, 2015; V. L. Singh, Manrai, & Manrai, 2015)
		Workload	(Dubinsky, 1999; Miao & Evans, 2013; Schwepker & Good, 2012; Spillecke & Brettel, 2013)
		Control & motivation	(Khusainova et al., 2018; Malek, Sarin, & Jaworski, 2018; Piercy, Cravens, & Lane, 2014).

2.3. Descriptive results

Thematic analysis of 104 papers of interest suggested 3 main themes, 8 sub-themes and 36 topics, in relation sales failure. Findings suggest a synergistic relationship between the selling strategy of the firm, management capability to enact strategy through their teams as well as the skills, aptitude, professionalism and psychological factors associated with salespeople, without all of which, an organisation is unlikely to meet its full sales potential. According, this section is structured as follows, firstly, it presents a discussion about each theme and sub theme (as presented in in Table *2.2-3*), secondly, a new construct called overall sales failure is proposed, and a measurement framework is presented.

2.3.1. Failure of sales strategy

Selling strategy enables a firm to organise how it selects and engages with customers (Cron et al., 2014). Both academics and practitioners alike deem strategy an area still requiring attention, there being a relative dearth of extant literature based upon empirical findings. Topics that emerged from the data in relation to strategy are segmentation, prioritisation and targeting and, channels. This section considers these constructs in order to determine how and why sales failure may occur.

2.3.1.1. Segmentation

Literature relating to the failure of selling segmentation is sub-divided into the topics of presence (or lack of), criteria used to segment, and implementation of segmentation, as shown in Table 2.3.1.1-1. It would appear axiomatic that the lack of a clearly defined and articulated segmentation strategy could lead to sales failure, as without appropriate segmentation, scarce resources cannot be targeted in the most effective manor (Panagopoulos & Avlonitis, 2010). Furthermore, evidence suggests that segmentation is required to enable salespeople to identify and develop the appropriate selling behaviours since, without a clear target, it is more difficult to meet the needs of the particular customer to whom they are selling (Terho et al., 2015).

Table 2.3.1.1-1: Failure of sales strategy: Segmentation

Key point	Overview of theory	Relevant papers
Presence of	Lack of sales strategy impacts performance. Missing segmentation, prioritisation and targeting, relationship objectives and selling models and use of sales channels may negatively impact performance.	(Cron et al., 2014; Panagopoulos & Avlonitis, 2010; Terho et al., 2015)
Criteria	Traditional criteria (revenue, size, industry and location) may lack the depth of insight needed to fully understand a customer and thereby understand their suitability to be served. Such criteria may not provide clarity over homogeneous needs and buying behaviour.	(Boejgaard & Ellegaard, 2010; Dibb, 1998; Dibb et al., 2008; Piercy & Garry, 2010)
Implementation	Barriers to segmentation include infrastructure, organisation, process, staff motivation, adaptation and customisation.	(Boejgaard & Ellegaard, 2010; Dibb et al., 2008; Homburg et al., 2008; Sharma, 2007)

For those who segment, the use of both quantitative and qualitative measures for market attractiveness and business strengths is recommended (Dibb, 1998). Traditional measures of revenue, size, industry and location may not offer the depth of insight needed, as such criteria may not provide the clarity over homogeneous needs and buying behaviour needed to enable comprehensive and in-depth segmentation to occur (Dibb, 1998).

Barriers to the implementation of a segmentation strategy may include lack of appropriate infrastructure, including systems that deliver suitable data. Furthermore, organisational capability including suitability of qualified staff with time available for planning; process design capability or resources may also influence implementation. Additionally, the capability to customise the product/service to meet segment needs, internal marketing to promote sales force motivation and equipping the sales team with the skills and authority to adapt the offer all determine the ability of the organisation to adopt effectively a segmentation strategy (Boejgaard & Ellegaard, 2010; Dibb et al., 2008; Piercy & Garry, 2010). Once segmented, customer segments need to be prioritised and appropriate resources applied (Homburg et al., 2008).

Debate in the literature relates to the efficacy of segmentation, prioritisation and targeting, when considered at the level of implementation (or not). Whilst scholars broadly agree that segmentation should take place, disagreement appears to pertain to the relative profitability of various customer segments (Homburg et al., 2008; Sharma, 2007). Sharma (2007) promotes focusing limited selling effort on a large number of transactional customers, as this enables the level of service to be tailored to the minimum required to promote purchase and re-purchase, thus reducing costs and maximising revenue. It is noted that, while this approach offers the most revenue, it comes at the cost of customer loyalty (Sharma, 2007). Homburg et al. (2008) promote directing higher levels of customer-orientated selling techniques towards a smaller number of longer-term relationships with larger customers. They claim this approach generates greater profit over the long term. This is achieved through better customer satisfaction and increased loyalty, making it possible to acquire a larger share of the customers' wallet, while at the same time reducing marketing and sales costs (Homburg et al., 2008). This suggests that, in order to maximise profit, a firm must recognise the needs of each segment and staff and support accordingly.

2.3.1.2. Prioritisation and targeting

While segmentation is a useful strategy, it does not stand-alone. The purpose of segmentation is to enable appropriate prioritisation and targeting of the customer. Table 2.3.1.2-1 identifies the topics associated with prioritisation and targeting. As previously mentioned, applying more sales resources to larger and potentially more profitable customers may lead to greater long-term profit (Homburg et al., 2008). Yet, other customer segments may also offer profitable business (Sharma, 2007). Targeting resources at differing customer segments enables expenditure to be controlled to that appropriate to each. Failure to do so by, e.g. over-resourcing transactional customers or under-resourcing Key Accounts, may lead to unnecessary expenditure, or sales failure due to the mismatch between seller and buyer expectations.

Table 2.3.1.2-1: Failure of sales strategy: Prioritisation and targeting

Key point	Overview of theory	Relevant papers
Marketing resources	Failing to prioritise customers may lead to inefficient and ineffective use of sales resources.	(Homburg et al., 2008)
Service levels	Prioritisation may positively affect customer retention by providing a means of serving customers with precisely the level of service needed secure the business. It may also lower costs by reducing the levels of service to match customer lifetime value.	(Sharma, 2007)

Table 2.3.1.2-1: Failure of sales strategy: Prioritisation and targeting (continued)

Key point	Overview of theory	Relevant papers
Key account selection	Even when the right accounts are selected, it can take a considerable amount of time to recoup investment in KAM. Selection of the wrong accounts may result in inappropriate prioritisation and wastage of limited resources. Care must be taken to avoid customers who may choose to use buyer-power to demand lower prices.	(Bygballe, 2016; Cuevas et al., 2015; Davies & Ryals, 2014; Y. Liu et al., 2012; Sharma & Evanschitzky, 2016)
Reacquisition	Targeting lost customers may result in future repeat business. Action to recover from service failure may minimise loss or facilitate reacquisition. Customers who co-create a solution may be more invested in the relationship, and therefore loss is more significant with greater negative consequences, and subsequent reacquisition is more difficult.	(Gonzalez et al., 2014; Hansen et al., 2016; Heidenreich et al., 2015; Kothandaraman et al., 2014; Leach & Liu, 2014; Wang & Huff, 2007)

Much has been written about developing longer-term relationships with larger customers, under the banner of Key Account Management. KAM posits that selling firms will organise resources and people to build a deep and long-term relationship with customers that enables co-creation of value for both parties (Davies & Ryals, 2014). To be successful, KAM relationships depend upon both significant investment by the seller and commitment from the buyer (Davies & Ryals, 2014). Both parties need to agree objectives that deliver mutual business benefit. Not selecting Key Accounts judiciously or failing to monitor the quality, value and cost of the relationship can lead to sales failure (Davies & Ryals, 2014; Sharma & Evanschitzky, 2016).

KAM relationships take time to develop and become profitable. Relationships may take longer and cost more to service than expected (Cuevas et al., 2015; Davies & Ryals, 2014). Therefore, failure by the seller to provide adequate resources and preparedness for the significant time lag between investment and return, may lead to failure (Davies & Ryals, 2014). Additionally, changes in personnel or, more significantly, strategy changes over time by either buying or selling firms may have the potential to cause KAM failure (Bygballe, 2016; Sharma & Evanschitzky, 2016). Furthermore, due to power imbalances between sellers and customers, some KAM buyers may feel able to unfairly demand lower prices (Cuevas et al., 2015; Y. Liu et al., 2012). Not only can lower prices negatively affect profitability, but attempting to hold out for higher prices may be perceived by buyers as not dealing fairly (Johnson, Friend, & Malshe, 2016). All this suggests that while correctly selecting KAM accounts has the potential to increase sales incorrect selection may lead to poor resource allocation, additional costs and potential for sales failure, resulting in loss of the investment in time and resources to win and nurture the account, and also the loss of potential future revenue.

Indeed, this suggests that, upon failure, a reacquisition strategy should be considered (Gonzalez et al., 2014). Reacquisition failure is primarily caused by not having a strategy to target and prioritise lost customers. Yet, when carried out effectively, reacquisition may provide a competitive advantage (Gonzalez et al., 2014). When service failure occurs, trust between buyer and seller may be diminished (Hansen et al., 2016; Wang & Huff, 2007). Buyer perception of the salesperson's propensity towards selling orientation (SO), which is where a salesperson values closing an order, or customer-orientation (CO), which is where a salesperson values the customer relationship, is important, as such perception may determine the nature of rectification required by the customer (Hansen et al., 2016). If a buyer believes the salesperson deliberately provided misleading information, acted unethically or opportunistically to close the order (SO behaviour), then trust will be more significantly diminished, and the buyer may require financial compensation. Yet, if the buyer believes the salesperson was acting in their best interests and the service failure was an honest mistake (CO behaviour), trust may be increased through the actions of the salesperson to rectify the situation. Additionally, the buyer may also prefer an apology, failure to provide one potentially promoting negative reactions (Hansen et al., 2016).

To be successful at reacquisition, salespeople should also be provided with enough time to identify lost customers and be rewarded for reacquisition (Gonzalez et al., 2014; Kothandaraman et al., 2014; Leach & Liu, 2014). Salespeople need to identify the reason for loss and determine the value of the customer and the effort required, so as to ensure that reacquisition is profitable (Leach & Liu, 2014). Additionally, it is claimed that the level of customer involvement with the co-creation of value is an important factor in customer reacquisition, as the more significant the customer investment, the more difficult it will be to reacquire said customers (Heidenreich et al., 2015). Yet, interestingly, if handled correctly, service recovery can promote long-term profitable buyer-seller relationships (Gonzalez et al., 2005; Widmier & Jackson Jr, 2002).

2.3.1.3. Channels

Sales channels is the third area of sales strategy identified. Nowadays, there are a plethora of sales channels, through which buyers can choose to interact with sellers (Eyuboglu et al., 2017; Fensel et al., 2014; Rosenbloom, 2007). This suggests that buyer choice, number, selection and capabilities of channels (as shown in Table 2.3.1.3-1) are areas worthy of further investigation.

Table 2.3.1.3-1: Failure of sales strategy: Channels

Key point	Overview of theory	Relevant papers
Buyer choice	Customers are demanding and sellers are able to offer more channel options. Choice may increase costs as more channels may not lead to more business. Customers may select which channel to use depending upon their current needs. Use of multiple channels suggests that it is important to ensure that the customer receives the same offer across all of the channels that are available to them.	(Claycomb et al., 2005; Eyuboglu et al., 2017; Fensel et al., 2014; Rosenbloom, 2007; Schwarzmüller et al., 2018; Sharma & Mehrotra, 2007; Thaichon et al., 2018; Yurova et al., 2016)
Number and selection	It is important to consider the prospect of channel cannibalisation, not reaching intended customer segments, and poor integration resulting in customer dissatisfaction. Indeed, when taking this into account it seems that it is not just the number of channels but the channel mix and how well the mix is coordinated and integrated that determine how the customer base is affected by multi-channel strategy. Furthermore, not all channels are suitable for all types of customers or products.	(Eyuboglu et al., 2017; Kabadayi, 2011; Kabadayi et al., 2007; Sharma & Mehrotra, 2007; Yurova et al., 2016)
Capabilities	Without management attention at the tactical level, highly coordinated and integrated channel campaigns are not achievable. Dynamic capabilities provide competitive advantage in a multi-channel environment, with said capabilities including the alignment of route to market with segment and product characteristics, integration of processes and IT to support channels, and metrics and rewards which are reflective of customer behaviours.	(H. Wilson & Daniel, 2007)

Table 2.3.1.3-3 Failure of sales strategy: Channels (continued)

Key point	Overview of theory	Relevant papers
Conflict	Unclear goals for channels, ineffective internal communication and internal coordination can all bring rise to conflicts which disrupt the performance of multichannel sales. Without the distribution of tasks in a manner that enhances cooperation among channel members (direct sales forces, resellers, etc.), multichannel strategies may foster fear of competition or exclusion which may lead to sales failure.	(Fürst et al., 2017; Lapoule & Colla, 2016; Sharma & Mehrotra, 2007; K. L. Webb & Lambe, 2007; H. Wilson & Daniel, 2007)

Offering multiple channels appears to suggest improvements in reach and service capability, which overall should lead to greater customer satisfaction and a propensity to repurchase (Sharma & Mehrotra, 2007). Yet, there is some suggestion that more channels may not necessarily lead to more sales, there being debate in relation to the benefit of additional sales channels for the supplier (Sharma & Mehrotra, 2007).

While suppliers may determine a channel strategy, it is ultimately the buyer who determines use (H. Wilson & Daniel, 2007). Increasing the number of channels available to buyers may increase sales (Kabadayi et al., 2007). While it may be that customers demand more channels, the impact on the organisation may be an increase in costs, resource requirements, complexity, competitive pressure and reduced overall profitability (Sharma & Mehrotra, 2007; H. Wilson & Daniel, 2007). Furthermore, maintaining consistency of offer and seamless handover between channels may require additional technology, which may also increase operating costs (Sharma & Mehrotra, 2007; H. Wilson & Daniel, 2007). Advice pertaining how to maximise profitability appears to be limited. However, Sharma and Mehrotra (2007) posit that coverage, profitability, optimal mix, rules to avoid conflict and critical channels should be evaluated to produce a strategy. Moreover, Kabadayi (2011) suggests that, to be successful, the channels offered need to support overall firm strategy, the nature of the trading environment and product being the determining factors. Eyuboglu et al. (2017) extend this concept and posit that the level of uncertainty in the target segment is the factor determining complexity of channel structure.

As previously mentioned, managing a more complex channel arrangement requires sales leaders to determine the channel combinations most appropriate for each customer segment (H. Wilson & Daniel, 2007). “Dynamic capabilities” (H. Wilson & Daniel, 2007, p. 10) are required to provide competitive advantage and avoid conflict in a multichannel environment; said capabilities include the alignment of route to market with segment and product characteristics, integration of processes and IT to support channels, and metrics and rewards which are reflective of customer behaviours (H. Wilson & Daniel, 2007).

Failure to implement a management structure that supports and rewards cooperation between channels may lead to conflict and cannibalism (Fürst et al., 2017; K. L. Webb & Lambe, 2007; H. Wilson & Daniel, 2007). Conflict can be avoided by creating differentiation between the tasks offered by each channel and by ensuring that each is designed to attract and service a specific customer segment (Fürst et al., 2017). Reducing the desire of one channel to cannibalise another reduces waste, reduces cost and increases profitability (Lapoule & Colla, 2016; K. L. Webb & Lambe, 2007).

This review of literature appears to suggest a lack of sales strategy has the potential to promote sales failure (Cron et al., 2014). Yet, it would also appear that there remains debate surrounding the best way to achieve profitability and identify and address differing segments of the market (Homburg et al., 2008; Sharma, 2007; Sharma & Evanschitzky, 2016). Furthermore, it would seem that new opportunities may exist and be available through the use of digital channels, which with respect to business-to-business usage appears to be a under researched area (Schwarzmüller et al., 2018; Yurova et al., 2016).

2.3.2. Failure of salespeople

Having a great sales strategy, however, may not of itself minimise sales failure, as it is the salespeople who operate in the boundary between supplier and buyer and are trusted to enact it through their activities. This suggests that the role and capability of the salespeople deserve attention next, as it is their actions (or lack thereof) that may determine sales success or failure (Panagopoulos & Avlonitis, 2010). Failure might occur as a direct result of the techniques applied, skills, knowledge, motivation, or actions of salespeople, or for reasons that are out of their sphere of knowledge or influence (Friend et al., 2014; Mallin & Mayo, 2006; Mayo & Mallin, 2010).

2.3.3. Skills

Adaptive Selling (Weitz et al., 1986), SPIN selling (Rackham, 1988) and the Challenger Sale (M. Dixon & Adamson, 2011) all offer methods claimed to teach successful selling. Underpinning these theories are a number of key sales skills required to avoid sales failure. Adaptive Selling encourages salespeople to understand customer requirements and adapt their sales offer to meet those requirements (Weitz et al., 1986). Failure to identify the customer's situation, problems, the implications thereof, and the value the proposed solution will deliver is a potential cause of sales failure (Kaynak et al., 2016; Rackham, 1988). To minimise the chances of failure, the salesperson may need to adapt the sales offer or relationship to meet the expectations of their customer. To achieve this, the salesperson must become adept at listening and comprehending customer needs, remain responsive, avoid arrogance and be prepared to change to meet the buyer's expectations (Friend et al., 2014). In the aforementioned Key Accounts, adaptiveness is not only required at the buyer-seller relationship level, but also at the inter-organisational relationship level (Friend et al., 2014). This requires salespeople to develop a social network within their customers and their own firm, to enable them to orchestrate inter-organisational relationship development (Kothandaraman et al., 2014; Widmier & Jackson Jr, 2002).

SPIN selling posits that a salesperson must identify the situation of the customer, understand their problems, encourage the customer to explore the implications of their problem and then explain the value that their solution provides (Rackham, 1988). The Challenger Sale suggests that relationships may be required but are not sufficient to create success. M. Dixon and Adamson (2011) posit that the salesperson and their organisation need to deliver valuable insights so as to induce the customer to buy. This review of selling techniques appears to suggest that a salesperson needs the same skills (as shown in Table 2.3.3-1) when using Adaptive Selling (Weitz et al., 1986), SPIN selling (Rackham, 1988) or Challenger Sale techniques (M. Dixon & Adamson, 2011). Various elements, both individually and in combination, appear to promote sales failure, namely: not qualifying prospects, a failure to listen to customers, which includes comprehension of all forms of communication between parties and comprehension of the messages and signals provided by the customer (Baumann et al., 2017; Johnson, Friend, & Malshe, 2016), possessing and applying sufficient product knowledge, incorrectly assessing customer needs (Ingram et al., 1992; Johnston et al., 1989; Jolson, 1999), a failure to adapt a proposal and customer relationship to suit the circumstances, or to effectively identify and deliver the appropriate value to the customer (Baumann et al., 2017; Friend et al., 2014).

Table 2.3.3-1: Failure of salespeople: Skills

Key point	Overview of theory	Relevant papers
Qualifying	Failure to assess and qualify prospects brings about the potential for salespeople to waste time and resources on a customer who is without the wherewithal to purchase or for whom the product/service is inappropriate.	(Ingram et al., 1992)
Listening	Poor listening skills was considered to be the most significant contributor to salesperson failure. The concept of listening is broader than what may be heard in a conversation. It applies to all forms of customer communication, e.g. in relation to needs, as well as offer and value potential.	(Baumann et al., 2017; Ingram et al., 1992; Johnson, Friend, & Malshe, 2016)
Customer needs	An inability to determine customer needs and a lack of customer orientation were both considered attributable to sales failure.	(Ingram et al., 1992; Johnston et al., 1989; Jolson, 1999; Kaynak et al., 2016; Rackham, 1988)
Product knowledge	Inadequate product/service knowledge leading to offering the wrong product to the wrong customer, or failure to explain value, may promote sales failure.	(Baumann et al., 2017; Ingram et al., 1992; Johnston et al., 1989; Morris et al., 1994; Rackham, 1988)
Adaptability	The presence of a non-adaptive sales proposal, which is the result of a lack of adaptive capabilities and/or a lack of adaptive attitude on behalf of the salesperson, were attributed by buyers to causes of sales failure.	(Friend et al., 2014; Weitz et al., 1986)
Relationship building	The presence of a non-relational sales proposal, which is the result of inadequate collaboration and broken trust by way of the salesperson, were attributed to sales failure by buyers.	(Friend et al., 2014)
Digital	Rapidly changing ICT requires salespeople to keep their technology skills relevant. Furthermore, salespeople need to be taught how to cope with being constantly available, which leads to interruptions, divided attention and a need to multitask; salespeople must also have the ability to cope with the demands of an always-on connection to their customers, so as to avoid stress and burn out.	(Adisa et al., 2017; Hunter & Panagopoulos, 2015; Lindh & Nordman, 2017; Stich et al., 2018)

The rapid changes in Information and Communication Technology (ICT) require salespeople to be constantly updating their skills (Hunter & Panagopoulos, 2015; Stich et al., 2018). While originally posited as a way to increase productivity and revenue, the adoption of ICT is largely seen by customers as a hygiene factor – one that organisations and salespeople alike are required to meet to be credible (Lindh & Nordman, 2017). Indeed, as ICT has become widely adopted outside of work, salespeople not only need to be taught appropriate commercial use, but also how to handle the challenges of being constantly connected. Constant connectivity may lead to customer expectations of around-the-clock availability, further leading to work interruptions, divided attention and a need for enhanced multitasking skills. This impacts time at work, but also home-life, with the potential for stress and burnout (Adisa et al., 2017; Stich et al., 2018). It would therefore appear logical that, given the impact of ICT, salespeople must develop and keep their skills updated so as to maximise the benefits and reduce the disadvantages of ICT. Additionally, salespeople need to develop the aptitude and professionalism required to ensure that ICT is used appropriately, effectively and ethically, to which attention is next directed.

2.3.3.1. Aptitude and professionalism

Continuing the theme identified in the sales skills section, and as shown in Table 2.3.3.1-1, there appear to be basic standards that customers expect and which, if not met, will lead to sales failure. The topics identified in relation to aptitude and professionalism are what could be expected of most business-orientated roles. Indeed, certain elements appear to be pre-requisites to avoidance of sales failure, namely: enthusiasm and discipline, including applying sufficient effort to fulfil the job role (Jolson, 1999), having the personality and ability to get on with others in the workplace, appropriate presentation, including dressing and acting within the social norms of the environment, experience required to do the job to the required standard, and the ability to take the initiative (Ingram et al., 1992; Johnston et al., 1989; Morris et al., 1994). Furthermore, possessing a sense of humour helps to build inter-personal relationships between buyers and sellers (Lussier et al., 2017). In addition, however, selling requires organisation and administrative skills to ensure that promises made to customers are enacted (Johnston et al., 1989; Morris et al., 1994).

Table 2.3.3.1-1: Failure of salespeople: Aptitude and professionalism

Key point	Overview of theory	Relevant papers
Enthusiasm and discipline	A lack of enthusiasm or the discipline required to do the job, is a contributor to the failure of a salesperson.	(Ingram et al., 1992; Johnston et al., 1989; Jolson, 1999; Morris et al., 1994)
Inter-personal relationships	Being hard to work with/supervise and having poor people skills, were both found to be behaviours indicative of failure. A sense of humour helps to build inter-personal relationships between buyers and sellers.	(Johnston et al., 1989; Lussier et al., 2017; Morris et al., 1994)
Presentation	Inappropriate dress/appearance was considered a behaviour indicative of failure.	(Morris et al., 1994)
Experience	A lack of experience was shown to be an indicator of failure.	(Morris et al., 1994)
Initiative	A lack of initiative was shown to be an indicator of failure.	(Johnston et al., 1989)
Organisation and administration	Poor planning, organisation, administration skills, poor time management and a failure to concentrate on priorities, were all indicators of salesperson failure.	(Johnston et al., 1989; Morris et al., 1994)
Ethics	Unethical behaviour was considered indicative of failure.	(Bolander, Zahn, et al., 2015; Guenzi et al., 2016; Wang & Huff, 2007)

Failure to act ethically is also singled out for special attention in the literature, as ethical failure by salespeople reflects not only on the individual(s) concerned, but also the organisation as a whole (Bolander, Zahn, et al., 2015). Furthermore, abuse of power and opportunistic behaviour are both considered unethical behaviours, constituting a breach of trust, with the potential to lead to relationship breakdown and sales failure (Guenzi et al., 2016; Wang & Huff, 2007).

2.3.3.2. Psychological factors

People undertake the role of personal selling. Being human leads to consideration of the role of emotions (DeCarlo et al., 2007; A. L. Dixon et al., 2001; Steward et al., 2009). This suggests that, to fully understand salespeople, a psychological approach may be required (Friend et al., 2016). Topics include intrinsic and extrinsic motivation (EM), PsyCap, personality, selling orientation (SO) /customer orientation (CO) and attribution of failure (as shown in Table 2.3.3.2-1).

Table 2.3.3.2-1: Failure of salespeople: Psychological factors

Key point	Overview of theory	Relevant papers
Motivation	Lack of intrinsic motivation, personal goals and ambition are considered factors contributing to the failure of salespeople.	(Khusainova et al., 2018; Mallin et al., 2017).
PsyCap	It is posited that the psychological capital constructs of self-efficacy, optimism, hope and resilience are required to avoid sales failure.	(Friend et al., 2016)
Personality	Personality traits, such as proactiveness and motivation to learn, impact sales success and too much ego or emotional immaturity can contribute to sales failure. It is also posited that other traits, including decision-making processes, thinking styles, initiative, social comparison, supervisory trust and ability to deal with isolation are all as impactful on sales success or failure.	(Ingram et al., 1992; Locander et al., 2014; Locander et al., 2015; Lussier et al., 2017; Major et al., 2006; Mulki et al., 2006; Prakash Mulki et al., 2008; K. Wilson & Woodburn, 2014)
Orientation	The salespeople's orientation towards selling (SO) or customers (CO) appears to impact relationship and sales success.	(Guenzi, 2003; Guenzi et al., 2016; Saxe & Weitz, 1982; Terho et al., 2015)
Coping with failure	Failure is part of any sales role. How failure is dealt with by the salesperson impacts motivation and behaviours and can itself lead to future sales failure. To enable salespeople to avoid future failure, the organisation needs to accept it and welcome the opportunity to learn.	(Badovick, 1990; DeCarlo et al., 2007; A. L. Dixon & Schertzer, 2005; A. L. Dixon et al., 2003; A. L. Dixon et al., 2001; Gonzalez et al., 2005; Goodwin et al., 1997; Harmon et al., 2002; Johnson, Friend, Rutherford, et al., 2016; Mallin & Mayo, 2006; Mayo & Mallin, 2010; Steward et al., 2009; Teas & McElroy, 1986)

In respect of motivation, there is a substantial body of literature detailing multiple theories. Below is a brief overview. Readers requiring a fuller explanation are directed to Khusainova et al. (2018) for a more comprehensive review.

Intrinsic Motivation relates to challenge, enjoyment or satisfaction without reward or payment. Extrinsic Motivation (EM) relates to the rewards and compensation given for achievement (Khusainova et al., 2018; Mallin et al., 2017). PsyCap provides a different lens through which to view motivation. It is defined as a "positive psychological state of development that is characterized by: (1) having confidence (self-efficacy) to take on and put in the necessary effort to succeed at challenging tasks, (2) making a positive attribution (optimism) about succeeding now and in the future, (3) persevering toward goals and, when necessary, redirecting paths to goals (hope) in order to succeed, and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resilience) to attain success" (Friend et al., 2016, p. 307). Furthermore, personal selling, when considered through the lens of the Big Five factors, suggests that proactive personality and motivation to learn may both impact sales success (Major et al., 2006). Additionally, too much ego or a lack of emotional maturity may contribute to sales failure (Ingram et al., 1992; Major et al., 2006; K. Wilson & Woodburn, 2014). Furthermore, the impact of decision-making processes (Locander et al., 2014), thinking styles (Groza, Locander, & Howlett, 2016), initiative (Jaramillo, Locander, Spector, & Harris, 2007), resourcefulness (Lussier et al., 2017), social comparison (Locander et al., 2015) supervisory trust and feelings of positive organisational support (Mulki et al., 2006), and how feelings of isolation are managed, may all impact the performance of sales people (Mulki et al., 2008).

It is claimed that the underlying motivations of salespeople can be displayed through their approach to customers, some orientated towards selling (SO) in which taking the order is prioritised, while others are more orientated towards finding the right solution for their customers (CO) (Saxe & Weitz, 1982). When coupled with Adaptive Selling (Weitz et al., 1986) orientation appears to determine sales success or failure, with some claiming that SO behaviours lead to a lack of buyer-seller trust and CO behaviours, giving rise to the development of mutual trust (Guenzi et al., 2016). Interestingly, the role of the organisation in promoting SO or CO behaviour has attracted the attention of scholars, leading to claims that orientation is primarily influenced by firms' sales strategy or sales management, rather than the individual salesperson (Guenzi, 2003; Terho et al., 2015).

Failure to cope with sales failure is, in itself, a potential cause of future failure (Mallin & Mayo, 2006). Attribution theory appears to provide an explanation of how salespeople cope with failure by making appropriate attributions, then adapting accordingly (Badovick, 1990; A. L. Dixon et al., 2003; A. L. Dixon et al., 2001; Teas & McElroy, 1986). Attribution theory "is based on three assumptions. First, individuals will attempt to assign causes for important instances of behaviour, and when necessary, will seek additional information in order to do so. Second, individuals will assign causal explanations in a systematic manor. Finally, the particular cause that an individual attributes to a given event has important consequences for his/her subsequent behaviour" (Teas & McElroy, 1986, p. 76).

Failure can be attributed to internal causes which, in relation to salespeople, may be a lack of skill or lack of effort. This may produce a positive response whereby the salesperson tries harder to win the next sale. However, failure may also be attributed to external events over which the salesperson feels they have no influence, e.g. poor-quality leads, poor product, incorrect pricing policy, or inappropriate sales strategy. This might produce a negative response, whereby the salesperson believes they cannot change the outcome, and so they do not feel any responsibility to improve their skills or apply more effort (Badovick, 1990; A. L. Dixon et al., 2003; A. L. Dixon et al., 2001; Teas & McElroy, 1986).

Salespeople need the ability and willingness to learn from failure (Johnson, Friend, Rutherford, et al., 2016). Positive organisational support, which is the support that sales managers provide to salespeople, and tolerance of failure by the organisation, may significantly impact the attribution that salespeople apply to their failures and their ability to reflect and learn from both success and failure (Johnson, Friend, Rutherford, et al., 2016). (A. L. Dixon & Schertzer, 2005; Gonzalez et al., 2005; Goodwin et al., 1997; Harmon et al., 2002; Johnson, Friend, Rutherford, et al., 2016; Mayo & Mallin, 2010).

This review of the motivation of salespeople also identifies that much of the extant literature is relatively dated. Khusainova et al. (2018) excellent review of the motivation literature, for example, identifies 63 noteworthy papers, only 14 less than 8 years old. With technology significantly impacting the nature of sales (Hunter & Panagopoulos, 2015) and the differing attitudes of younger people towards work and the workplace (see, e.g., Stewart, Oliver, Cravens, and Oishi (2017)), it may be prudent to revisit and potentially update theories associated with the techniques, skills, knowledge and motivations of salespeople.

2.3.4. Failure of sales management

Sales managers, however, also have a responsibility to recruit, train, coach and manage their salespeople, for which there is an abundance of literature, perhaps suggesting that studies are keener to explain what should be done to salespeople, rather than the antecedents or detriments of salespeople's motivation.

"No matter what excuses the sales management team might offer for the subpar performer (e.g., dismal economic conditions, intense competition, inadequate selling skills, little initiative or drive), the simple fact of the matter is that the rationale offered can be dispatched with by clearly assigning responsibility to the sales management team" (Dubinsky, 1999, p. 15). As sales managers have input into sales strategy and are responsible for enactment through the salespeople they manage, it could be reasonably assumed that the quality of sales management affects the performance of salespeople (Dubinsky, 1999; Harmon et al., 2002; Ingram et al., 1992). Accordingly, this section looks first at the skills which sales managers need, recommended activities and overall effectiveness. Next attention is directed towards five topics that were identified as potential causes of sales failure by sales practitioners and academics alike, namely recruitment criteria, socialisation, training, workload and controls.

2.3.5. Attributes

It may appear axiomatic to state that, to be successful, a sales manager needs to possess the skills and knowledge required to undertake the activities associated with their job role (Plank et al., 2018; Powers et al., 2014). Yet, it appears that little research has been directed towards understanding the role of the sales manager, or the skills and knowledge required to be successful. Furthermore, of particular note is the fact that the attitudes promoted by the sales manager towards customer relationships and selling/customer orientation are transmitted to the sales team through the development of close relationships, monitoring and providing feedback to salespeople (Albrecht et al., 2015; Dubinsky, 1999; Malek et al., 2018; Murphy & Li, 2012; Spillecke & Brettel, 2013). When coupled with claims that many sales managers are themselves underdeveloped (Plank et al., 2018), this suggests sales manager training may be a potential cause of sales failure and an area ripe for future research. While Powers et al. (2014) provide a framework of skills required and Plank et al. (2018) offer a typology of activities (see Table 2.3.5-1), neither present advice on how to evaluate the ability and/or training of a sales manager, nor on how to go about designing and delivering training that would improve performance. Considering the impact that a sales manager can have on the success or failure of their salespeople, as well as the dearth of extant literature that directly addresses said topic, it would appear this is an area in urgent need of attention (Plank et al., 2018).

Table 2.3.5-1: Failure of sales management: Attributes

Key point	Overview of theory	Relevant papers
Skills	Interpersonal, technical and strategic skills are all required to be an effective sales manager.	(Powers et al., 2010; Powers et al., 2014)
Activities	Sales managers undertake planning, organising, selecting methods and tools, training, setting compensation, and supervision and evaluation of salespeople.	(Murphy & Li, 2012; Plank et al., 2018; Reid et al., 2017)

2.3.6. People

Sales managers are responsible for managing salespeople. The ways in which people are recruited, socialised and trained, coupled with their allocated workload and measures to ensure adherence and compliance (as shown in Table 2.3.6-1) have a considerable impact on their sales success or failure (Dubinsky, 1999; Dubinsky et al., 2001; Harmon et al., 2002; Malek et al., 2018; Piercy et al., 2014; Plank et al., 2018).

Table 2.3.6-1: Failure of sales management: People

Key point	Overview of theory	Relevant papers
Recruitment	The selection of salespeople is one of the most important tasks of sales managers. Poor job analysis and job description, failure to utilise multiple appropriate selection criteria and failure to calibrate selection tests against the current salesforce can all lead to failure. The cost of failure can result from both direct expenditure to re-hire/train or lost revenue.	(Dubinsky et al., 2001; Randall & Randall, 2001; Richardson, 1999)
Socialisation	Selling uses physical and emotional energy. It may create feelings of insecurity. Demands may be experienced through job activities, learning and development, targets, goals and performance reviews. Organisational socialisation techniques help a new salesperson to learn the skills and knowledge and develop the psychological resources needed to navigate their new firm and to perform their role successfully. Buddying is recommended as it reinforces formal training and reduces uncertainty. Furthermore, the allocation of a buddy is within the sphere of control of a sales manager.	(Albrecht et al., 2015; Bande et al., 2015; Commeiras et al., 2013; A. L. Dixon et al., 2003; Friend et al., 2016; Knight et al., 2014; Miao & Evans, 2013; Sager et al., 2014; Saks & Gruman, 2014)
Training	Training should be personalised to meet the needs of the individual and be designed to support their learning of the skills, knowledge and development of sufficient experience required to successfully undertake their role. However, too much training may reduce the time available for selling, potentially promoting sales failure.	(Jolson, 1999; J. Kim et al., 2013; Kumar et al., 2014; Lassk et al., 2012; Loveland et al., 2015; V. L. Singh et al., 2015)
Workload	Territories should be designed to provide only sufficient market potential to support the quota of the individual. Inadequate potential may mean salespeople experience difficulty in achieving their sales goals. Excessive potential may lead to missed sales. Moreover, quotas impact the behaviour of salespeople with hard to achieve targets being more likely to positively promote SO behaviours as well as negatively impact entrepreneurial and creative selling behaviours.	(Dubinsky, 1999; Miao & Evans, 2013; Schwepker & Good, 2012; Spillecke & Brettel, 2013)

Table 2.3.6-1: Failure of sales management: People (continued)

Key point	Overview of theory	Relevant papers
Control & motivation	Sales managers can influence the motivation and behaviours of salespeople through the control systems which are applied. Higher levels of competency of the sales manager to enact control may promote positive outcomes. Training sales managers may well offer the most effective way to increase the motivation of salespeople and their overall performance.	(Khusainova et al., 2018; Malek et al., 2018; Piercy et al., 2014).

Sales managers are responsible for, or at least significantly involved in, the recruitment and training of salespeople (Dubinsky et al., 2001). There is no substitute for selecting the right candidate (Dubinsky et al., 2001; Randall & Randall, 2001), with the decision whether or not to hire having long-term consequences for the firm, as “when the sales manager selects a successful candidate, the payoff comes from added sales volume and profits, as well as improved customer relationships. When the sales manager selects a sales candidate who subsequently fails, the results can be dramatically adverse, leading to a host of hazards, threats, and losses” (Dubinsky et al., 2001, p. 17). One such hazard appears to be that it typically takes up to 4 months to replace a salesperson and a further 38 months before the new hire can recover sales revenue to the original level of business (Richardson, 1999).

A wide range of recruitment selection techniques are reported to be used, with no one particular method being most effective (Randall & Randall, 2001). Indeed, personal interviews, letters of recommendation, reference checks, skills and personality testing, assessment centres and simulations, use of biographical information, personal appearance and even the use of blood tests appear to offer clues about the personality and capability of applicants (Randall & Randall, 2001). With such a wide battery of tests from which to select, it is essential that job analysis offers clear specifications that defines the attributes required to be successful in the role.

Once a salesperson has been recruited, they need to become familiar with the norms of their new organisation and learn how to successfully operate within their new firm. Much has been written about the process of organisational socialisation (OS), through which new salespeople learn the skills required and develop the psychological resources needed to perform their role successfully. While most literature is generalised and applies to a wide variety of job roles (see, e.g., Saks and Gruman (2014)), the sales situation is discussed by Sager et al. (2014), who claim that serial socialisation tactics, which include the provision of a role model and availability of sales training to new hires, are of particular importance.

Sales managers need to be cognisant that selling uses both physical and emotional energy. It may create feelings of insecurity, role ambiguity and role stress (Miao & Evans, 2013). Demands may be experienced through job activities, learning and development, targets, goals and performance reviews (Albrecht et al., 2015). Salespeople need to build PsyCap self-efficacy through learning (Knight et al., 2014), develop hope in the form of personal motivation to hit sales targets, optimism to succeed, and resilience to bounce back from setbacks (Bande et al., 2015).

Buddying has been shown to reduce the time it takes a new hire to become successful by supporting formalised training and reducing uncertainty (Commeiras et al., 2013; A. L. Dixon et al., 2003). As the selection of the buddy and overseeing the process can be managed directly, it would appear sales managers have the control and resources needed to successfully support their salespeople through organisational entry. Furthermore, the literature suggests the more training provided within the first six months the better, providing what is delivered is personalised to support both the job role and takes account of the prior experience of the new salesperson (Lassk et al., 2012; Loveland et al., 2015; V. L. Singh et al., 2015). Conversely, too much opt-in or discretionary training may reduce selling time and thus negatively affect sales success (Jolson, 1999; Kumar et al., 2014).

The way a sales manager allocates work may impact the motivation and behaviours of their salespeople. Territory design, workload allocation, quotas and evaluation processes to ensure compliance, were identified as topics of interest and impact (Dubinsky, 1999). If territories are designed with inadequate potential, sales personnel may experience difficulty in achieving their sales goals. A workload which is too onerous may mean salespeople are unable to keep up with the demands of their job (Dubinsky, 1999); add to that a sales management focus on hitting quotas, and SO behaviours may be promoted (Schwepker & Good, 2012). Furthermore, entrepreneurial orientation and the ability/motivation to find creative solutions may also be reduced (Spillecke & Brettel, 2013). Yet, excessive potential may lead to lower productivity and missed sales (Dubinsky, 1999)

The form of control favoured by sales management may directly influence the motivation and behaviours of salespeople (Khusainova et al., 2018; Malek et al., 2018; Piercy et al., 2014). While a host of motivation theory has been posited to explain the motivations of salespeople it would appear they are most affected by the control systems enacted by sales management (Malek et al., 2018). Two control systems are predominantly discussed in relation to the activities of salespeople, namely behaviour control and outcome control. Behavioural controls define the way a salesperson should work, then monitor compliance with the process. Alternatively, outcome control holds the salesperson accountable for their results (Malek et al., 2018). Controls may also be considered as formal, whereby the organisation defines standards and ensures compliance, and informal, which relates to the unwritten norms of the organisation, as self-determined by the individual and how they relate to their peers, wider professional standards and culture (Malek et al., 2018). Whichever control system is used, it relies on the competency of the sales manager to enact it (Piercy et al., 2014). This suggests that, to avoid sales failure, the level of competency of the sales manager should be identified and, where necessary, additional training and support provided (Piercy et al., 2014).

2.3.7. How to avoid sales failure

This review of literature identifies that while there are few papers that directly address sales failure, the wider corpus of academic literature provides various clues as to the underlying causes. Categorising sales failure into failures caused by sales strategy, salespeople and sales management therefore provides a useful lens for further investigation. By synthesising the 104 papers pertaining to potential causes of sales failure, it has therefore been possible to offer practitioners and scholars a detailed, structured, picture of the current state of literature in relation to each of the identified themes, sub-themes and topics identified in this review.

Hitherto, literature appears to describe failure and success in simplistic, uni-variable, terms. Consideration of the impact, however, of the sales failure inherent in successfully taking an order from a customer who fails to fit the strategic aims of the organisation, suggests that a more nuanced understanding is required, particularly given that salespeople and sales managers may accept failure as a part of their role (Fine, 2007; Morris et al., 1994).

A single failure event or even combination of failures, may not of itself lead to complete sales failure in the short term. Identification of suboptimal performance, however, may be useful in terms of identifying why an organisation is failing to achieve its maximum sales potential. Furthermore, whilst achieving a sale may be an acceptable short-term situation for a firm, clearly a failure to reach maximum sales potential in terms of achieving sales strategy through optimal sales management activities and the most appropriate sales effort may lead to negative longer-term consequences. One example may be the exploitation of missed opportunities by competitors, who may then capture additional sales revenues for themselves. Clearly losing sales to competition is likely to lead to a smaller overall market share, leading to lower growth and profits and reduced ability to reinvest into new products, services or infrastructure.

Whilst agreeing that a level of sales failure is to be expected, though not desirable (Fine, 2007; Morris et al., 1994), selling organisations need to constantly improve their competitiveness. Therefore, this paper concludes that identification and measurement of different types of sales failure is required, so that an organisation is able to both measure and visualise the distance that its salesforce is from overall sales failure. Areas of deficit could then be identified enabling corrective action to be undertaken as required. Through conceptual deduction (Meredith, 1993), new relationships and a framework is proposed as shown in Figure 2.3.7-1.

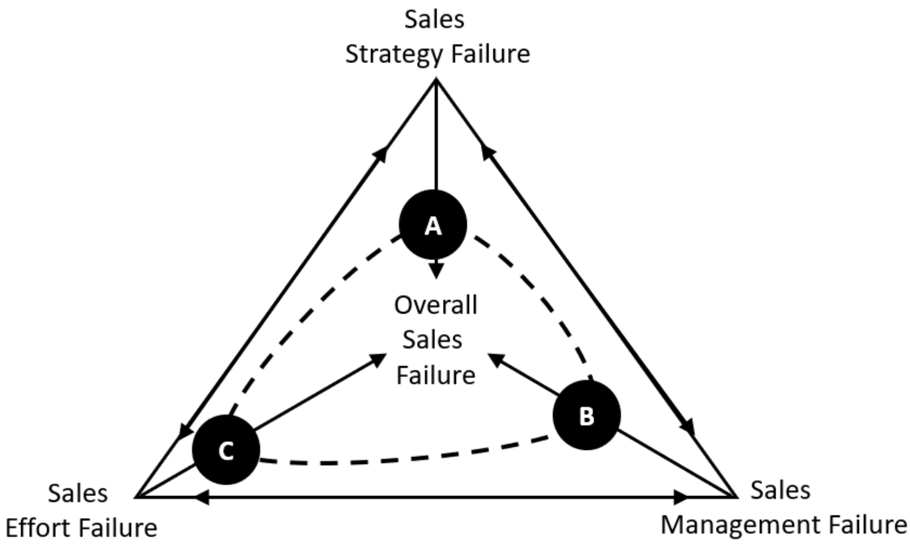

Figure 2.3.7-1: Proposed framework for measuring overall sales failure

Overall sales failure is a formative construct, made up of three broad variables, their combination determining where on the three dimensional “sales failure” scale an organisation sits. Extant literature appears to imply, for example, that relationships between the strategy of the selling firm, and how it is enacted by sales management, leads to the customer experience delivered through interaction with salespeople (Cron et al., 2014; Terho et al., 2015).

This suggests that the relationships illustrated in the framework would be as follows: sales effort failure refers to the level of failure experienced in respect of the techniques applied, skills, knowledge, motivation and actions of salespeople as experienced by customers. As salespeople work on the boundary between customer and supplier, it is their actions (or inactions) to create sales opportunities and obtain orders from customers that may positively promote or negatively impact sales failure (Friend et al., 2014; Mallin & Mayo, 2006; Mayo & Mallin, 2010).

Selling strategy failure refers to the level of failure measured in respect of the combination of customer segmentation, prioritising and targeting, selection of relationship models and the use of selling channels, all of which determine the way in which a firm engages with customers (Cron et al., 2014). Therefore, strategic decisions relating to the selection of customer segments, channels and prioritisation of customers, could mediate sales failure, as without a clearly defined and articulated strategy, sales effort may not be applied effectively (Terho et al., 2015). Furthermore, this would suggest that the selling effort of salespeople is itself mediated by the selling strategy.

Sales management failure refers to the level of failure measured in respect of the skills and activities of the sales manager. As sales managers oversee selection, socialisation and training, allocation of workload, systems of control and the resultant motivation of salespeople (Dubinsky, 1999), it would appear that they enact sales strategy through the appropriate allocation of sales effort (Dubinsky, 1999; Dubinsky et al., 2001; Harmon et al., 2002; Malek et al., 2018; Piercy et al., 2014; Plank et al., 2018). This suggests that the actions of sales management mediate selling effort and consequently sales success. Furthermore, it is reasonable to assume that sales managers provide strategic input to the senior management of their firm, as they are able to garner feedback from both salespeople and their customers. This suggests that sales management not only mediate sales effort directly, but also indirectly through their input into sales strategy.

An example of how the proposed framework for the measurement of overall sales failure could be applied, is represented in Figure 2.3.7-1 as points A, B and C with a dotted line representing the total area of sales failure that is being experienced by the organisation. Point A represents the level of failure measured for sales strategy. In this example, it could be that the organisation has failed to segment and target customers using all available and appropriate channels. This failure may not be detectable using the traditional method of managing sales success using the percentage of quota achieved. Yet, it may still have a long-term negative impact on the organisation as competitors may exploit this weakness by targeting the organisation's current or potential customers, using channels not being supported. Point B represents the level of failure measured for sales management. This could, for example, represent the failure of sales management to fairly allocate workload and use appropriate control mechanisms to maximise revenue potential. The sales team may be achieving their sales quotas, but failure to maximise potential may carry long term negative consequences for the organisation as some overworked salespeople may leave and/or underworked salespeople would not be being stretched to maximise revenue from their territory, leaving opportunity for competitors. Point C represents the level of failure measured in respect of selling effort. In this example, sales quotas are generally being achieved, but salespeople may still be deemed to be failing in respect of the level of activity or effort needed to achieve the required level of sales, costs of sales being higher than necessary. This is illustrated by point C not being at the very top of the scale, as some level of failure is still present. What this example shows is that while literature posits success and failure as binary events, it may in fact be a more nuanced process. The proposed framework therefore, contributes to knowledge as, to the best of our knowledge, it is the first time that such a method to measure overall sales failure has been presented.

2.4. Future research directions

Based on the findings of this paper, it would appear that there is the opportunity to further investigate all three of the themes identified, namely failure of sales strategy, failure of salespeople and failure of sales management. Additionally, future research into the measurement of overall sales failure directed toward development of a more nuanced understanding would be of interest to scholars and practitioners alike. Additionally, two key constructs, namely those of firm size and ICT/IM usage (Claycomb et al., 2005; Ellegaard, 2009; Khusainova et al., 2018) appear to be under researched in respect of sales. It would stand to reason that the larger the organisation, the greater the available resources that could be directed towards determining sales strategy and management of the sales team. Therefore, a better understanding of how a smaller firm might arrange scare resources so as to reduce their propensity towards sales failure, would be of interest to academics and practitioners alike. The issue of resource restriction and lack of buying experience (Ellegaard, 2006) may in turn also lead to a small firm owner manager having using different decision-making criteria when making purchasing decisions (McGowan, 2018).

Furthermore, the impact of ICT/IM usage on businesses to business communications is clearly significant (Khusainova et al., 2018). Yet, the impact is unknown. With no apparent let-up in the speed of technological change, further research is recommended to determine if such methods of communication are beneficial or detrimental when used in a selling situation. All this leads to a number of potentially interesting topics for future research, as shown in Table 2.4-1.

Table 2.4-1: Topics for future research

Future research topic	Areas of interest
Failure of sales strategy	Are the purchasing decision criteria of a small firm buyer different to those of a larger firm and if so, how can a sales organisation be best arranged to win the business?
	How can a small firm most effectively apply limited sales resources to meet its strategic objectives?
Failure of salespeople	What is the impact on career aspirations and future outcomes for salespeople who fail in a sales role?
	How can salespeople and their managers effectively use Instant Messaging tools (e.g. WhatsApp, WeChat and Slack) within their organisations?
	Does firm size impact the use of Instant Messaging tools within a sales context?
	What is the impact of using Instant Messaging on the quality of buyer-seller relationships and/or the work-life balance of people involved?
Failure of sales management	All areas of sales management appear to be under researched. For a framework of sales management skills see Powers et al. (2014) and for a typology of activities see Plank et al. (2018).
	What is the impact on overall performance of a sales manager lacking credibility, vision, strong decision-making skills and the ability to manage upwards?
Overall sales failure	How do the constructs of failure of sales strategy, failure of the salesperson and failure of sales management combine to promote overall sales failure?
	Do failures of sales strategy, the salesperson and sales management impact overall sales failure equally? Is a weighted numerical scale or other device needed to enable organisations to better measure their distance from overall sales failure and areas in need of improvement?
	What is the impact of firm size on the measurement of overall sales failure?
	Does use of ICT or Instant Messaging in buyer-seller relationships impact overall sales failure?

2.4.1. Future research into the failure of sales strategy

Extant literature in respect of selling, for example, appears not to have identified firm size as an important construct, while this has been identified as an important construct by literature related to purchasing. “Small company owners suffer from limited purchasing experience. They are not educated buyers, but rather self-taught producers… [and] they rely on subjective (or even unprofessional) criteria when selecting suppliers” (Ellegaard, 2006, p. 280). Differences between small and large firms appear to include relationship length (Paik, 2011), expertise (Beekman & Robinson, 2004) who buys (owner-manager of professional buyer) and buying criteria (Ellegaard, 2009). These differences would suggest that the sales techniques and organisation of the sales force (i.e. sales management) may well need to be adapted to meet the needs of the customer (Rackham, 1988; Weitz et al., 1986). Yet, is adaptation for one customer the appropriate response, or should there be a sales strategy that approaches this segment differently? While it is claimed small firms could be segmented and managed as transactional customers (Sharma, 2007), the customer may use the quality and form of the supplier relationship as a buying criterion (McGowan, 2018). This difference in perspective from the buyer side of the dyad suggests that further research in this area is needed.

Furthermore, the construct of firm size could be considered in two ways: first, how to sell to small firms and, secondly, which strategies small firms themselves should use. Questions may include: Do small companies wish to use different channels through which to buy? Which channels offer the best potential and are most cost effective when servicing small firms? Does the size of the firm make a difference to the strategy and channels that could or should be used? What are the options, antecedents to success and detriments that may affect a selling firm, based upon its size?

2.4.2. Future research into failure of salespeople

In respect of research into the performance of salespeople, it would appear that, to date, scholars have primarily used samples which include people currently in a sales role. Yet, to fully understand sales failure, it may be that people subsequently change company, but stay in a sales role, or transition into one that does not require selling skills. With this in mind, future research could perhaps consider focusing studies on salespeople who have moved company following a failure or have transitioned into another sort of role. Questions for future research may include: Does failure in one selling role lead to subsequent failure in another company? Does the attribution of failure made by the salesperson (e.g. from external attribution to internal) change post-failure in a sales role? If failed salespeople transitions to a new role, do these roles require knowledge of any specific sales skills? Are any roles particularly suitable for a failed salesperson? Is there any silver lining for the salesperson who fails? For example, does experiencing failure in a sales role develop emotional intelligence or psychological capital?

Almost everybody has been impacted by the dramatic changes in ICT that have occurred in the last 20 years or so (Fensel et al., 2014). Yet, while there has been considerable attention paid to Customer Relationship Management software (CRM), technology readiness and adoption models, and some attention paid to the use of platforms (e.g. LinkedIn, Twitter, Facebook, Skype and WebEx) (Khusainova et al., 2018), it would appear that little attention has been paid to the impact of such technology in respect of buyer-seller relationships. The impact of constant connectivity with the potential for an always-on culture could well impact both sides of the buyer-seller dyad. This raises a number of questions for future research including: How do salespeople and their managers effectively use the aforementioned ICT and Instant Messaging (IM) tools (e.g. WhatsApp, WeChat and Slack) within their organisations? What are the antecedents, detriments and consequences of using IM to communicate with customers? Are buyers already using IM tools and, if so, what are salespeople's expectations of the use of said tools? What are the impacts in respect of motivation, stress and propensity to stay or leave a sales role? Are there any legal implications for individuals or organisations? Furthermore, does firm size affect adoption of ICT/IM tools, e.g. is adoption easier in a small firm situation and can they find competitive advantage through the use of such tools or is ICT/IM of more use to a larger firm?

2.4.3. Future research into failure of sales management

Sales management generally appears to be a very under-researched topic (Dubinsky, 1999; Dubinsky et al., 2001). Building on the framework of skills required (Powers et al., 2014) and typology of activities (Plank et al., 2018), there would appear to be are opportunities to further investigate all of the sales management activities identified in this review. Literature in respect of sales management evaluation, specifically the ability and training of a sales manager appears to be lacking. Considering the impact that a sales manager can have on the success or failure of the overall sales organisation this would appear to be an area in urgent need of attention (Plank et al., 2018). Moreover, and as previously mentioned, the use of ICT/IM tools has the potential to significantly change communication between manager and salesperson as well as between buyer and seller. Additionally, four areas of sales failure in respect of sales managers were suggested at both the practitioner and academic conferences but not included in this paper due to a lack of extant literature. These are: lack of credibility, lack of vision, inability to manage upwards and weak decision-making. These four topics appear to be under-researched in this context, suggesting that future research would be of considerable interest to academics and practitioners alike.

2.4.4. Future research into overall sales failure

Future research into the proposed framework for the measurement of overall sales failure could be conducted to investigate how the variables of sales strategy, sales management and sales effort combine to promote sales failure. Attention could also be directed to further identifying sub-constructs. Furthermore, at this stage it would appear that all three variables of sales strategy, sales management and selling effort are relevant. Future work could also be directed towards determining if the contribution of each construct is of equal importance or if a weighted measure is required. Additionally, development of a numerical scale or formula, or other device that enabled an organisation to numerically measure their distance from overall sales failure, would be of use to scholars and practitioners alike. While the framework presented in Figure 2.3.7-1 is conceptualised at the highest order construct (Meredith, 1993), it may also be interesting to identify whether there are direct or indirect relationships between the sub-themes and topics presented in the present paper, as this may provide a deeper understanding of the antecedents of sales failure. Future research be conducted to investigate how the variables of sales strategy, sales management and sales effort combine to promote overall sales failure. Attention could be directed to further identifying sub-constructs. Furthermore, at this stage it would appear that all three variables of sales strategy, sales management and selling effort are relevant. However, further work could be directed to determine if the contribution of each is equal or if a weighted measure is required. Additionally, development of a numerical scale or formula, or other device that enabled an organisation to numerically measure their distance from overall sales failure would be of use to scholars and practitioners alike.

2.4.5. Future research into the impact of ICT/IM usage in sales

Additionally, the impact of firm size and ICT/IM usage potentially influence sales strategy, selling effort, and sales management, leading to an amended framework presented in Figure 2.4.5-1. Future research to explore this framework could address a number of questions including: Does firm size or ICT directly or indirectly impact sales strategy, sales management or selling effort? If so, do they affect each element equally? Furthermore, does the size of the firm determine the speed of ICT adoption? Is ICT adoption by salespeople, situation-specific, e.g. related to the industry sector, geography or age of the salesperson/customer? Additionally, considering the size of the firm and the overall impact of sales failure upon it, to what extent does one failure impact future failures? Does speed of failure determine future outcomes? Does firm size impact reacquisition of lost sales?

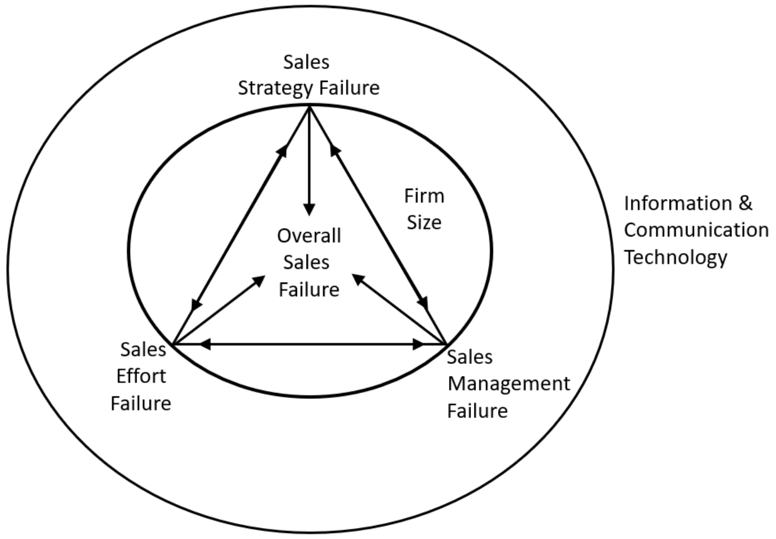

Figure 2.4.5-1: The effect of firm size and ICT/IM usage on overall sales failure

2.4.6. Conclusion

The above-mentioned aim of this article was to review the state of literature in respect of sales failure. Three key themes, namely selling strategy, salesperson and sales management, were identified. These were further broken down into 8 sub-themes, which incorporated 36 topics of interest. A discussion of each was presented, with the findings showing that while there is a substantial body of literature that describes the antecedents of success, there is little that relates directly to sales failure. Furthermore, the findings suggest that it is possible to succeed in selling, yet still to fail overall, both in relative and absolute terms. An example of this is successfully selling to a customer who does not fit the strategic aims of the business. Additionally, while short-term success may be experienced, there may be longer-term negative consequences, leading to overall sales failure. All of this leads to the suggestion that a more nuanced understanding is required. Accordingly, a framework for the measurement of overall sales failure is presented. Consideration is given to the impact of failures of sales strategy, sales management and selling effort. These appear to combine to determine the level of overall sales failure that is experienced by an organisation.

Considering the impact of technology on selling (Khusainova et al., 2018), it is surprising to find that literature also appears not to have considered the impact of IM technology on the relationships that sales managers have with their salespeople and/or salespeople with their customers. Future research is recommended to further develop knowledge in this area.

While buying literature appears to have identified differences in buyer behaviour based upon firm size (Ellegaard, 2006; Ellegaard, 2009), this distinction seems to have been largely ignored by sales scholars. Firm size could be considered in relation to both sides of the buyer-seller dyad. Although no one standard definition of firm size exists (Reynolds et al., 2005) if the micro, small, medium and large firms, as used by the European Commission ("The new SME definition," 2016), were to be adopted, then 16 combinations of the buyer-seller dyad could be considered in future research, leading to more nuanced findings.

2.5. Reflections on paper one

Previous practitioner experience as a serial entrepreneur of some 25 years standing, taught that sales failure is not the inverse of success. It is possible for success to be achieved in one or even many aspects, yet an individual or firm could be failing to meet overall sales potential. Assuming the philosophical position that no individual or firm is ever able to achieve perfection, I set out to determine the antecedents to overall sales failure.

Initial attempts to create the sales failure topology were hampered by a lack of extant literature. Only 43 papers could be identified containing consideration of sales failure. As this failed to provide sufficient depth for a comprehensive review, I decided to consult leading practitioners and academics for their opinions about sales failure.

An initial workshop was conducted in July 2017 at the Sales Performance Association annual conference. The SPA is a group of around 50 professional sales management consultants and sales trainers. A basic overview of the project was presented. Delegates were asked to work in groups and discuss which topics that they felt might contribute to sales failure at individual, managerial and strategic levels. The decision to segment into these themes was based upon studies from Dubinsky et al. (2001) and Friend et al. (2014). Each delegate group produced a list of topics they felt required consideration, then presented their suggestions to conference. I consolidated the outputs from all groups into one list, which conference accepted as their combined view of the antecedents of sales failure. This process was repeated at the Sales Educators Academy conference in May 2018. I then consolidated outputs from both conferences. Topics identified were used as the basis for further literature search terms. This process enabled identification of additional literature, which subsequently became the foundation to the topology as presented in the paper. I am very grateful to the delegates at both conferences as their expert opinion added considerable value to the final topology.

As mentioned in the article, the consultation process identified four topics that are not included in the topology. These are lack of credibility, lack of vision, inability to manage upwards and weak decision-making. I decided to exclude these because they are not directly discussed within sales literature. They are however, dealt with in wider management studies. One problem

I faced while developing the sales failure topology, was determining the boundary conditions. Almost every part of business operations might be considered to impact overall sales efficacy, thus making it hard to draw a clear boundary. For example, product quality, brand reputation, late shipments of goods and inadequate customer service could all negatively impact sales. Moreover, the boundary between marketing and sales not as clearly delineated as it could perhaps be. Take for example online sales. Online presence is discussed in literature as a both a marketing and IT activity (H. Wilson & Daniel, 2007). Yet, clearly selection and investment levels in online sales channels has an impact on overall firm success. Eventually, I decided that unless a article directly discussed sales, sales management or sales strategy, it was to be excluded.

All this leads me to consider if the paper as presented perhaps could have been entitled ‘sales force failure’, as this might set a clearer boundary. It might also remove potential criticism that important marketing or firm wide constructs were omitted. It may also make the tool more useful for practitioners as it would enable a sales leader to contain their failure assessment to that which occurs within their sales operation, thus ensuring that remedial actions are within their sphere of control.

Looking to the future, I see two key areas in which the topology as presented could be leveraged. First, I have developed a qualitative questionnaire that is being used by members of the SPA to help their clients assess the distance that their organisation is from overall sales failure. The questions cover the themes and topics and ask two questions, namely ‘how well does your organisation do <topic>...’ followed by ‘how important is this to your firm’s success?’ By using a Likert scale for each question (Saunders, Lewis, & Thornhill, 2012) and multiplying the two answers, a basic numeric score is calculated. This enables the firm to identify and prioritise areas for improvement. Further research could seek to identify ways in which to weight either individual topics and/or the overall themes of sales strategy, sales management and selling effort, so as to provide a more refined output. There is the potential to work with the SPA and use data from assessments undertaken by members, to further enhance the sales failure assessment tool.

Second, I would like to integrate pedagogical advice into the topology. Not only would this support practitioner efforts to rectify overall sales failure, but also enable me to create a module for use in undergraduate or postgraduate teaching within my current institution. Once perfected, this could be further developed into a textbook for wider academic use.

While compiling the sales failure topology, I was surprised at the lack of consideration given to firm size within extant selling literature. Prior practitioner experience led me to understand that the decision-making processes and sales practices of small firms are often different from those of their larger counterparts. Therefore, I would have expected to find this reflected within the literature. Accordingly, I decided that this should become the next focus for this study. I recognise that I could have taken a grounded theory approach to this investigation. However, I felt that the multidisciplinary nature of the research questions were potentially too complicated to be addressed within the time and resources available to me. Instead, as I lacked a corpus of literature in respect of small firm selling upon which to base propositions, I decided that the next stage of this study would investigate the buyer side of the dyad. Accordingly, I identified a corpus of high quality articles that described how small firms undertake buying activities. This enabled me to develop a conceptual model as presented in the following paper.

3. The impact of effectuation on the buying decisions of small firms

Abstract

Purpose: This study considers the effect of effectuation logic on the buying intentions of small firm owner-managers.

Design/methodology/approach: Literature relating to organisational buying, marketing and personal selling and entrepreneurial decision-making was synthesised.

Findings: This paper presents a conceptual model based on propositions relating to how effectuation logic may explain the predilection of small firm owner-managers to select trusted suppliers from within personal and business networks, and to engage on flexible terms. It suggests that supplier relationship decisions made using effectuation logic may enable wider choice of suppliers than the formal processes of large firms.

Research limitations/implications: The findings were developed from a narrative review of literature and are yet to be empirically tested.

Originality/value: By synthesising research findings on small firm buyer behaviour, the IMP Interaction approach and effectuation, it has been possible to develop a predictive model representing buyer-seller relationships in the context of small firms which suggests that owner-managers select suppliers in line with the principles of effectuation means and effectuation affordable loss.

Keywords: Effectuation, Affordable loss, Small firms, Buyer-supplier relationship, Networking.

3.1. Introduction

Salespeople accept that more sales opportunities are lost than won; indeed, this, according to leading Customer Relationship Management software vendor Salesforce.com, could mean that as few as 6% of business-to-business sales opportunities become orders (Raichshtain, 2014); simply put, 94% of all sales attempts lead to failure. While there is a substantial corpus of literature to inform salespeople, covering a broad range of topics (Pullins et al., 2017), for example, buyer dissatisfaction with the seller's performance (Kaski, Hautamaki, Pullins, & Kock, 2017), organisation relationships (Heidenreich et al., 2015; Sharma & Evanschitzky, 2016) and the importance of ethics (Bolander, Zahn, et al., 2015), there is a dearth of literature that deals directly with the causes of sales failure (Johnson, Friend, Rutherford, et al., 2016). This lack of extant literature coupled with such a high sales failure rate, suggests this topic is worthy of further investigation.

IMP tradition conceptualises a dyadic relationship between buyers and sellers, with the success of the firm being significantly related to both its customer and supplier relationships (Bordonaba-Juste & Cambra-Fierro, 2009; Snehota & Håkansson, 1995; Turnbull, Ford, & Cunningham, 1996). IMP-related studies indicate an average relationship length of over twelve years (Håkansson et al., 2009). Yet, fewer than half of all new small firms will remain in business for longer than five years (Paik, 2011), which suggests that for many, business relationships will be shorter in duration than those of larger firms. Small firms are by definition smaller and markedly different in terms of structure, culture, organisation, operations, market and buyers (Huin et al., 2002; Kavak et al., 2015b; Koh et al., 2007). They have less expertise, are less able to plan, are more vulnerable to external forces, and carry the liability of newness (Beekman & Robinson, 2004; Morrissey & Pittaway, 2006; Thakkar et al., 2008b); moreover, unlike their larger counterparts, which have better educated and more experienced managers, small firms operate more informally and in more individual ways (Kavak et al., 2015; Morrissey & Pittaway, 2006; Seung-Kuk et al., 2009; Thakkar et al., 2008a). This difference suggests that the tools and techniques used to sell to large firms may be inappropriate in a small firm environment. A deeper understanding of how buying decisions are made by small firm owner-managers, would therefore be of interest to both academics and practitioners alike.

This paper responds to the call for further investigation into small firms within an IMP perspective with a focus on resource limitation (Bocconcelli et al., 2016). Furthermore, it attempts to bridge the “distance between established IMP research and research streams in small business management and entrepreneurship” (Bocconcelli et al., 2016, p. 9). The lack of extant literature that describes the constructs of small firm buying behaviour through the lens of entrepreneurial theory suggests that conceptual description is relevant and useful (Britt, 2014). This paper adds to academic knowledge by exploring the purchasing behaviour of small firm owner-managers through the lens of effectuation logic (Sarasvathy, 2009). It is proposed that when selling to small firms, sellers should deploy adaptive skills (Weitz et al., 2011) to identify when the buying decision will be affected by effectuation logic (Sarasvathy, 2009). Having identified where this is the case, they need to deploy solutions that keep perceived risks to a level that small firm owner-managers believe to be affordable, so as to avoid sales failure (Dew et al., 2009).

This paper proceeds as follows: First it presents a review of literature starting with effectuation logic (Sarasvathy, 2001b), then it considers constructs relating to small firm buying behaviour with propositions proposed in relation to buying under uncertainty, supplier selection through networks and risk management through relationships. A short description of the conceptual development methods used is followed by presentation of a conceptual model and a discussion. The final section outlines conclusions, implications and limitations of this research.

3.2. Literature review

3.2.1. Effectuation

Effectuation theory (Sarasvathy, 2001a) posits that entrepreneurs think, make decisions and act differently than decision makers in large organisations (Dew et al., 2009; Read & Sarasvathy, 2012; Sarasvathy, 2001b). It is a theory that seeks to explain how decisions can be made in a situation of uncertainty (Sarasvathy, 2001b). Scholars have categorised decision-making into the topologies of causal and effectuation logic (Fisher, 2012; Sarasvathy, 2001b; Senyard & Baker, 2011). Causal decision-making describes how a business identifies a goal, then determines the best resources and actions to achieve that goal (Sarasvathy, 2001b). Effectuation logic describes how, when faced with uncertainty, an entrepreneur will rely on their personal means, skills and knowledge to arrive at a decision (Fisher, 2012). "Effectuation is the inverse of causation. Effectual reasoning is not merely a deviation from causal reasoning; it is a distinct mode of reasoning based on an entirely separate logic than the logic behind causal reasoning" (Sarasvathy, 2001b, p. 1). Through the concepts of effectuation "means" and "affordable loss", the decision to invest in a new venture can be conceptualised as a buying decision (Dew et al., 2009).

Effectuation logic is based upon five principles which provide a framework for decision-making:

1. Means are the resources of "who I am", "what I know" and "whom I know" (Sarasvathy, 2001b, p. 78). They are called 'means' because they are readily available to the entrepreneur.
2. Partnership, which is the desire and ability to share both opportunity and risk in the venture (Sarasvathy, 2009), or to create new opportunity by recruiting a partner (Welter, Mauer, & Wuebker, 2016).
3. Leverage contingency, is the ability to welcome problems as opportunities and to change business direction to gain the best possible advantage;

4. Affordable loss, is the sum of time and money available that may be lost without causing the absolute failure of the venture (Sarasvathy, 2009). When faced with an investment decision from which the overall return on investment is unclear, a small firm owner-manager may choose to consider the downside of the decision, specifically the impact to the venture should the investment decision lead to a loss. With this in mind, affordable loss provides a useful lens through which an owner-manager of a small firm may be more able to commit to action if they know that the risk has been controlled to one that is affordable (Dew et al., 2009).
5. Control the controllable. The above principles provide different ways in which a decision can be determined. Yet, in situations of uncertainty the decision maker may not be able to shape or control everything that may impact their decision. Effectuation logic posits that the entrepreneur identify, then focus on the elements of the environment that can be partially or fully controlled (Sarasvathy, 2009).

Effectuation (in entrepreneurship) is rooted in venture selection and formation with such decisions by definition made under uncertainty (Sarasvathy, 2009). Yet, it is also claimed to be a useful approach for driving corporate innovation with affordable loss claimed to positively impact overall firm performance (Roach et al., 2016). Effectual thinking and processes are also claimed to be useful decision-making tools in high growth sectors (Futterer et al., 2018). Furthermore, use of effectual thinking has been identified in the decision-making processes of production managers in large manufacturing organisations (Brettel et al., 2014). This suggests that effectuation theory may explain decision-making in a wider business context. With this in mind, use of effectuation in respect of investment can be seen as analogous to a small firm owner-manager making a buying decision.

Not all scholars support effectuation logic as a theory. The principles of effectuation means and effectuation affordable loss may be explainable thorough existing marketing constructs, while the development of effectuation logic may not be subject to the rigour required for it to be considered an academic theory (Arend et al., 2016). Yet, while effectuation logic does indeed stand alongside marketing theory, it provides a useful theoretical lens through which to explain empirical findings (Mäensivu et al., 2017). Unsurprisingly, the founding scholars claim that effectuation logic continues to attract considerable support from those who feel it should be classed as an academic theory (Chandler, DeTienne, McKelvie, & Mumford, 2011; Dew, Read, Sarasvathy, & Wiltbank, 2010; Dew et al., 2009; Nielsen & Lassen, 2012; Roach et al., 2016; Sarasvathy, 2001b). Furthermore, while effectuation has its roots in entrepreneurial venture creation (Sarasvathy, 2001b), recent empirical studies have broadened its application to incorporate a wider range of business situations and decisions (Jisr & Maamari, 2017; Mäensivu et al., 2017).

3.2.2. Comparison of small and large firm buying behaviour

Supplier relationships differ between large and small firms in terms of the selection of buying strategy and selection of buyer (Ellegaard, 2006). While larger firms have the ability to employ professionally trained buyers, small firms often lack dedicated resources, which leads to the owner-manager taking personal control (Adams et al., 2013). While it may well be the case that a lack of resources forces small firm owner-managers to become personally involved, these owner-managers may also be making a conscious decision to take personal control of buying decisions. Indeed, this is because such buying decisions may create financial risks for the firm, which in turn could carry significant personal financial consequences (Ellegaard, 2009). To minimise buying risks, small firm owner-managers might well prioritise suppliers from within personal or business networks and, where available, could exhibit a preference to buy under flexible contract terms (Ellegaard, 2006; Ellegaard, 2009; Morrissey & Pittaway, 2006). Personal control of buying also enables small firm owner-managers to control the price paid to suppliers. As input price is an important factor when it comes to overall profitability, control of price enables profits to be maximised (Adams et al., 2013; Morrissey & Pittaway, 2006; Thakkar et al., 2008a).

Owner-managers taking personal control of buying affects decision-making criteria as shown in Table 3.2.2-1. Personal control of buying leads to buying being deemed a low priority task, undertaken only when necessary, handled with less formality, using opinions rather than facts, and with buying decisions made faster than those made by larger firms (Ellegaard, 2006). "Small company owners suffer from limited purchasing experience. They are not educated buyers, but rather self-taught producers… [and] they rely on subjective (or even unprofessional) criteria when selecting suppliers" (Ellegaard, 2006, p. 280). Another consequence of owner-managers attaching a low priority to buying is their lack of understanding when it comes to the purchasing marketplace and the range of options available to them (Seung-Kuk et al., 2009). However, this reported "instinctive approach to purchasing" (Ellegaard, 2006, p. 280) does appear to work, thus suggesting that alternative processes exist and work successfully.

Table 3.2.2-1: Comparison of buying behaviour between large firms and small firms

	Large firms	Small firms
Business relationships	IMP studies report relationships averaging 12 years (Håkansson et al., 2009)	Half of small firms close within five years, which suggests shorter relationships (Paik, 2011)
Business and specialist expertise	High levels of expertise (Adams et al., 2013)	Low levels of expertise and a liability of newness (Beekman & Robinson, 2004)
Management	Better educated in purchasing and more experienced managers (Ellegaard, 2006)	Less educated in purchasing and less experienced managers (Ellegaard, 2006)
Who buys?	Professionally trained buyers (Adams et al., 2013)	Owner-manager (Ellegaard, 2009)
Buying criteria	Formal buying criteria (Adams et al., 2013)	Informal, often based upon opinions rather than facts (Ellegaard, 2009)
Selection of supplier	Whole market (Seung-Kuk et al., 2009)	Personal or business networks (Morrissey & Pittaway, 2004)
Priority of buying task	High priority – planned and organised in line with business strategy (Adams et al., 2013)	Low priority - ad-hoc buying only when necessary (Ellegaard, 2009)

3.2.3.Small firms buying under uncertainty

Small firms are vulnerable to unexpected changes (Morrissey & Pittaway, 2006). They have limited financial and human resources (Morrissey & Pittaway, 2006; Paik, 2011). Furthermore, “in an open economy scenario, giant multinational enterprises drive the market. Faced with high levels of uncertainty in demand, low margins and very high working capital requirements, small firms are simply unable to take full advantage of most market opportunities that come their way” (Thakkar, Kanda, & Deshmukh, 2009, p. 979). With a potentially short life expectancy and larger firms dominating their marketplace, for small firms, the situation appears to be one of uncertainty.

From an IMP perspective, buyers and sellers interact within a wider network where actors who are unknown, may affect their business environment (Gadde & Håkansson, 2011). Interpersonal relationships developed between buyers and sellers offer the impression of knowability, with each party feeling able to assess mutual competence and trustworthiness. Accordingly, decisions made by such buyers and sellers are considered to be made within a knowable, potentially controllable environment (Håkansson et al., 2009).

Yet, all organisations operate within a wider network (Rezaei et al., 2015; R. K. Singh, 2011; Tan, Smith, & Saad, 2006). Within this wider network, actors who are far removed and unknown to each other are able to impact the world and to do so in ways that a buyer or seller cannot predict or control, which leads to uncertainty (Håkansson et al., 2009; Koh et al., 2007).

Small firms, like larger firms, operate in a more complex, networked world than may be immediately obvious (Bocconcelli et al., 2016). Due to limited resources they may be more dependent on their network, with interdependencies leading to uncertainty and in this environment, it is plausible that the uncertainty felt by owner-managers has consequences for their selection of suppliers and buying decisions.

Small firm owner-managers and professional buyers within larger firms use different buying strategies. Professional buyers base their decisions on a market-wide evaluation, as well as firm related factors including financial and supply risks (Seung-Kuk et al., 2009). However, with a small firm, the buyer is often the owner-manager, who handles buying tasks as part of a myriad of other duties needed to keep the business running, with current needs prioritised over the implementation of a buying strategy (Ellegaard, 2006; Morrissey & Pittaway, 2006; Thakkar et al., 2009). This difference in who buys suggests markedly different decision criteria (Ellegaard, 2009).

Small and large firms view suppliers differently. Large firms appear to use strategic tools to select suppliers that match their strategic objectives (Bygballe & Persson, 2015). They leverage the ability of a supplier to provide innovation, scale of operations, quality of purchased goods, and levels of services to innovate, scale and service their own customers (Adams, Kauffman, Khoja, & Coy, 2016). Yet, a small firm owner-manager appears more likely to consider supplier relationships as a tactical way to buy the goods and services that they need to deliver to fulfil their current customer promises (Ellegaard, 2009). This suggests that small firms appear not to leverage the resources of their suppliers for growth or competitive advantage (Ellegaard, 2009).

The relationship that a small firm owner-manager has with their supplier may itself be a cause of uncertainty. As small firms lack internal resources, they are more reliant on their suppliers than larger firms (Ellegaard, 2009). Owner-managers require their suppliers to be trustworthy and capable of keeping their promises. Moreover, should something go wrong, these suppliers are expected to provide the resources needed to put it right; failure to do so may promote supplier switching (Ellegaard, 2006; Mudambi, Schründer, & Mongar, 2004; Thakkar et al., 2009). Furthermore, as small firms are less able to plan than larger firms, owner-managers prefer buying arrangements to remain flexible and to avoid long-term supplier contracts, which may suggest that there is a tacit understanding that their situation is one of uncertainty (Ellegaard, 2009; Jisr & Maamari, 2017; Quayle, 2002).

As previously mentioned, buying may expose a business to losses. When buying, losses may result from interaction between any part of the network including the supplier, the buyer and the customer (Håkansson et al., 2009) thus suggesting that supplier failure could lead to the buying firm failing to meet the expectations of their end customer; this, in turn, may lead to customer dissatisfaction and lost business (Chen, Dooley, & Rungtusanatham, 2016). The predilection of small firm owner-managers to use suppliers who they know to be trustworthy, reliable, able to provide resources to resolve problems and offer flexible commercial terms, appears to suggest a desire to avoid loss (Dew et al., 2009).

When considering how owner-managers undertake buying, there is a striking similarity between their behaviour and effectuation logic (Dew et al., 2009). Effectuation logic (Sarasvathy, 2009), in relation to small firm buying, suggests that owner-managers may deal with the uncertainty of their situation by preferring to deal with suppliers they know and trust; they seek to avoid loss by constraining their financial exposure to the sum of money they can afford to lose, without causing lasting harm to their venture (Dew et al., 2009). These owner-managers also use their own skills and knowledge (Ellegaard, 2009) or enter into partnerships with people who have available resources so as to reduce their costs (Dew et al., 2009; Dew, Sarasvathy, & Venkataraman, 2004; Sarasvathy, 2009). Indeed, all of this leads to:

Proposition 1: small firm owner-managers cope with uncertainty by selecting suppliers in line with the effectuation principle of affordable loss.

3.2.4. Supplier selection through networks (owner-manager networking)

Small firm owner-managers develop relationships with suppliers' salespeople through networking. In buyer-supplier relationships, trust is conceptualised as confidence (Ellegaard, 2009), which is developed through shared social experience, ethical alignment and mutual respect (Morrissey & Pittaway, 2004). When a small firm owner-manager considers trust in relation to a new supplier, this often relates to the supplier's reputation and brand; moreover, after supplier performance has been experienced, it takes the form of the ability to trust that a supplier will keep its promises (Cambra-Fierro & Polo-Redondo, 2009; Morrissey & Pittaway, 2004, 2006). Small firm owner-managers consider trust to have been broken when deliveries are missed, goods or services fail to live up to quality expectations, or there is a breach of any other promises made by the supplier. Suppliers' abuse of power and opportunistic behaviour also constitute a breach of trust. The most significant breaches of trust impact the ability of the owner-manager to deliver their promises to their customers; indeed, when this happens, it may lead to relationship breakdown and loss of repeat business (Ellegaard, 2006; Mudambi et al., 2004; Thakkar et al., 2009).

When selecting a supplier, a small firm owner-manager may consider the size, scale and capability of the supplier's production operation and ability to provide the required volumes as the owner-manager's business grows (Thakkar et al., 2008b) as well as its ethical stance (Morrissey & Pittaway, 2004). Factors that appear to not be as important to supplier selection include the suppliers' ability to purchase, or their ability to innovate, which is surprising given that these factors are recognised by small firm owner-managers as important to their ability to serve their own customers (Beekman & Robinson, 2004; Kavak et al., 2015; Morrissey & Pittaway, 2006; Thakkar et al., 2008a).

Personal relationships with suppliers enable small firm owner-managers to overcome abuse of power by larger suppliers. It is claimed that small firm owner-managers may "come to regard her/his supplier network as an extension of their private social network" (Ellegaard, 2006, p. 276) and that small firm owner-managers like to prioritise "suppliers of similar mentality, characterised by mutuality, a relaxed social attitude and a focus on technical rather than economic exchange. Furthermore, access to decision makers is more easily achieved in exchange with smaller suppliers" (Ellegaard, 2006, p. 276). With this in mind, it would appear that perceived honesty and fairness of suppliers, built through business and personal relationships promote loyalty and therefore repeat orders (Ellegaard, 2006; Ellegaard, 2009).

In summary, small firm owner-managers are time and resource limited, thus meaning that they need trusted suppliers to enable them to keep their promises to their customers. Suppliers are selected based on personal relationships, with primary emphasis placed on the ability to trust the supplier to deliver on their promises. Indeed, this leads to:

Proposition 2: Small firm owner-managers leverage personal and business networks when selecting suppliers in line with the effectuation principle of means, whom I know.

3.2.5. Risk management through relationships

Buying behaviour of small firm owner-managers is directed towards activities that help their organisation to meet their customers' needs (Kavak et al., 2015; Quayle, 2002). When customer satisfaction is considered through the lens of the IMP interaction approach, the actions of a supplier may impact the ability of the buying firm to meet the needs of their eventual customer; this leads to the emergence of a pattern that suggests that a small firm owner-manager may prioritise factors that increase the satisfaction of their customers over buying at the lowest price (Ellegaard, 2009; Kavak et al., 2015).

As previously mentioned, buying decisions have the potential to create risk. Small firms lack the scale, ability to plan and the resources needed to adopt professional purchasing strategies; instead, they rely on supplier adaptability (Ellegaard, 2009; Seung-Kuk et al., 2009; Thakkar et al., 2009). As purchasing needs are uncertain, with changing requirements, often necessitating a fast, accurate response, the adaptiveness and reactiveness of the supplier will determine who wins the business (Ellegaard, 2009; Thakkar, Kanda, & Deshmukh, 2012). Should things go wrong, small firm owner-managers value access to technical or logistical support to help them put them right, again relying on the adaptability of the supplier to provide the required knowledge and resources (Cambra-Fierro & Polo-Redondo, 2008; Ellegaard, 2009; Kavak et al., 2015; Seung-Kuk et al., 2009; Wynarczyk & Watson, 2005). As buying risks have the potential to personally affect small firm owner-managers, it seems feasible that offering risk reduction as part of the sales pitch would give potential suppliers a competitive advantage (Ellegaard, 2009).

Small firms use supplier adaptiveness to manage uncertainty and risks created by buying decisions (Bordonaba-Juste & Cambra-Fierro, 2009; Morrissey & Pittaway, 2006). Uncertainty reduces the ability to plan and increases the need for reactive purchasing, thus requiring suppliers to accommodate last minute orders, offer faster delivery, and have sufficient technical and logistical resources to support the small firm owner-manager (Beekman & Robinson, 2004; Ellegaard, 2009). This suggests that when uncertainty or risk are perceived, the adaptiveness of the supplier becomes a more important buying criterion than price (Bordonaba-Juste & Cambra-Fierro, 2009; Morrissey & Pittaway, 2006).

From a selling perspective, adaptive selling encourages salespeople to understand customer requirements and adapt their sales offer to meet said requirements (Weitz et al., 1986). Failure on the part of salespeople to adapt the sales offer or manage buyer-seller relationships to meet customer needs and expectations is a significant cause of sales failure (Friend et al., 2014). Adaptiveness is required not only at the buyer-seller relationship level, but also at the inter-organisational relationship level, with the sales offer adapted to meet not only specified product and service requirements, but also the relationship requirements of the small firm owner-manager (Friend et al., 2014).

To meet the needs of small firm owner-managers, salespeople must understand their relationship requirements and ensure that their organisation is fully engaged with a relationship selling strategy (K. Wilson & Woodburn, 2014). Furthermore, salespeople should build a social network within their firm to orchestrate intra-organisational relationship development, thus enabling their wider organisation to become adaptive to the customers' needs (Kothandaraman et al., 2014; Widmier & Jackson Jr, 2002); if this is achieved, then should things go wrong, the selling firm will fully understand the importance of adapting to meet the needs of the small firm owner-manager, as failure to do so may promote supplier switching (Beekman & Robinson, 2004; Ellegaard, 2009; Morrissey & Pittaway, 2004).

In return for adequate performance, small firm owner-managers offer continued supplier loyalty in the form of repeat orders that are not significantly price sensitive. Yet, should supplier performance, which is characterised by supplier adaptiveness and responsiveness, drop below an adequate level, repeat business will be at risk, with even high-quality buyer-supplier relationships not able to prevent loss of business. This suggests that small firm owner-managers recognise the wider interaction between their firm and that of their suppliers, with the consequence that inter-personal buyer-supplier relationships are secondary to the inter-firm relationship, as seen by examining the overall performance of the supplier (Beekman & Robinson, 2004; Ellegaard, 2009; Morrissey & Pittaway, 2004).

There is general agreement in the literature that partnerships require mutual commitment, significant resources, scale of operations, and a significant amount of time to pass before the partnership delivers success (Beekman & Robinson, 2004; Mudambi & Schründer, 1996; Wynarczyk & Watson, 2005). Yet, a lack of resources and small scale of operation are characteristics that appear to define a small firm. Furthermore, there is evidence that long-term relationships may suffer due to buyer-expectations of increased service and reduced prices, thus affecting long-term profitability (Sharma, 2007). With this said, however, there is evidence that small firm owner-managers prefer to build effective partnerships, and this preference is a prime determinant of supplier selection (Adams, Khoja, & Kauffman, 2012; Bolander, Satornino, Hughes, & Ferris, 2015; Bordonaba-Juste & Cambra-Fierro, 2009; Cambra-Fierro & Polo-Redondo, 2009; Thakkar et al., 2009). This suggests that to maintain profitable sales to a small firm owner-manager, a supplier needs to understand how much service and backup was assumed at the point of decision, and is therefore expected by the small firm owner-manager.

When viewed through the lens of effectuation it seems likely that potential risks created as a result of business relationships are assessed by small firm owner-managers using the principle of effectuation affordable loss (Dew et al., 2009; Sarasvathy, 2001b). In cases where a loss is deemed to be low the small firm owner-manager may prioritise price; conversely, in cases where risk is deemed to be high, supplier adaptiveness may be prioritised. Furthermore, the importance of supplier adaptiveness may also be assessed through the effectuation principle of means, which consists of "who I am, what I know and whom I know" (Sarasvathy, 2001b, p. 78). Should the small firm owner-manager conclude that they, or their firm, have the means to deal with perceived risks, they may prioritise price; conversely, if risks cannot be managed using available means, supplier adaptiveness may be prioritised. Nevertheless, as previously discussed, small firm owner-managers do value supplier relationships and will prioritise supplier adaptability over price (Cambra-Fierro & Polo-Redondo, 2008; Ellegaard, 2009; Kavak et al., 2015; Seung-Kuk et al., 2009; Wynarczyk & Watson, 2005). Indeed, this leads to:

Proposition 3: When making buying decisions, where internal means exist to mitigate risks to an affordable level, small firm owner-managers may prioritise lower prices, but only to the extent that the supplier is still able to demonstrate adaptiveness.

3.2.6. Conceptual development

This paper was developed using conceptual deduction (Meredith, 1993). By synthesising literature pertaining to small firm buying behaviour, IMP interaction and effectuation logic (Sarasvathy, 2009), it has been possible to propose new relationships (Gilson & Goldberg, 2015). A predictive model representing buyer-seller dynamics in the context of small firms is presented in Figure 3.2.6-1

Literature appears to suggest a continuum relating to the trading relationships which can serve as a grading system with which to measure the impact that the purchased goods or services have on the ability of the small firm owner-manager to fulfil the expectations of their customers (Ellegaard, 2009; Rezaei et al., 2015; Thakkar et al., 2008a). The greater the risk that the purchase poses to the small firm owner-manager's customers, the greater the need for losses to be managed to a level of affordability (Dew et al., 2009; Seung-Kuk et al., 2009). Whereas large firms are likely to reduce risk by using formalised purchasing procedures to select suppliers and make purchasing decisions (Seung-Kuk et al., 2009), it appears that small firm owner-managers may use the principles of effectuation affordable loss and effectuation means to identify and manage potential loss (Dew et al., 2009; Sarasvathy, 2001b).

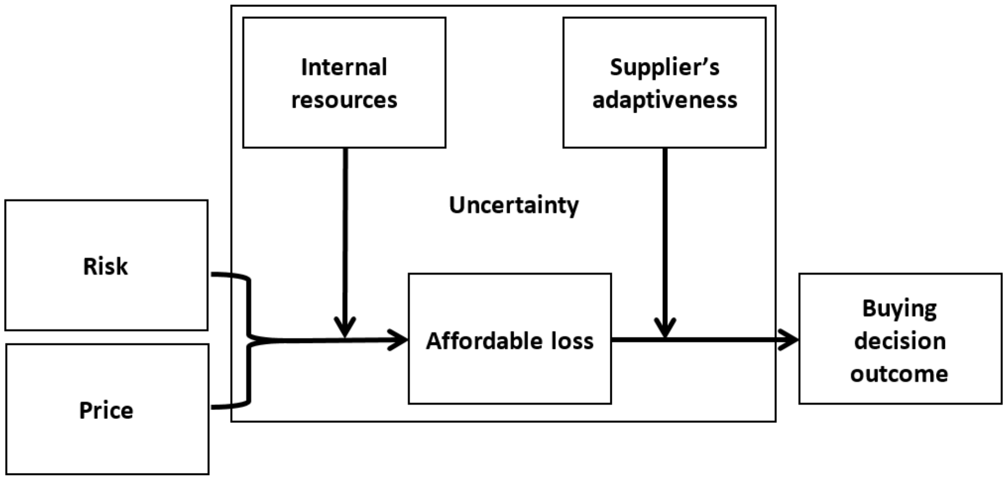

Figure 3.2.6-1: Effect of effectuation logic on sales outcome

The relationships illustrated in the model are as follows:

Price and risk. Price refers to the cost of the goods or services as paid by the small firm owner-manager to the supplier. Risk refers to the potential (or real) risk inherent within business relationships that a buying decision will introduce to the small firm owner-manager's firm (Ellegaard, 2009; Rezaei et al., 2015; Thakkar et al., 2008a). Price and risk appear to be assessed by small firm owner-managers in a similar way to professional buyers, albeit without necessarily having access to information about the whole market, but decisions appear to be made using a different logic. In large firms this is operationalised by using professional purchasing techniques to reduce price while avoiding risk. In small firms this is operationalised by the owner-manager making a personal judgement of risk then attempting to manage it to an affordable level through their selection of a supplier from within their network, that is trusted to remain adaptable, while offering an affordable price (Dew et al., 2009; Ellegaard, 2009; Seung-Kuk et al., 2009).

Internal resources are related to the principle of effectuation, means "what I know and who I am" (Sarasvathy, 2001b, p. 78). They are determined by the sum of skills, knowledge and available staff that the small firm owner-manager has available from within their current organisation, to either alleviate problems caused by supplier failure in the supply chain, or protect their customers from the same situation. A greater depth of resources lowers risk, thus suggesting that supplier backup is less important, and consequently enabling the small firm owner-manager to demand lower prices.

Owner managers appear to use the principle of effectuation, affordable loss (Dew et al., 2009) to determine the acceptable level of risk. If risks are higher than can be managed using internal resources, supplier adaptability may offer a way to reduce potential loss to an affordable level (Dew et al., 2009).

Supplier adaptiveness concerns the degree to which a supplier adapts their sales and relationship offer, as well as the depth of backup that the supplier will provide to a small firm owner-manager (Cambra-Fierro & Polo-Redondo, 2008; Ellegaard, 2009; Kavak et al., 2015; Seung-Kuk et al., 2009; Weitz et al., 2011; Wynarczyk & Watson, 2005). The principle of effectuation means, "whom I know" (Sarasvathy, 2001b, p. 78) offers an explanation as to why small firm owner-managers have a predilection to leverage their network to identify suppliers on whom they can rely (Ellegaard, 2006; Mudambi et al., 2004; Thakkar et al., 2009). Supplier adaptiveness may also relate to the principle of effectuation partnership, through which the small firm owner-manager is able to access resources that they would otherwise be unable to leverage (Sarasvathy, 2001b, p. 78). Supplier adaptiveness moderates price, as the greater the small firm owner-manager's reliance on supplier adaptiveness to reduce loss to an affordable level, the more they will be prepared to pay for it.

Uncertainty is represented in the model as a combination of internal resources, affordable loss (Dew et al., 2009; Sarasvathy, 2001b) and supplier adaptiveness (Cambra-Fierro & Polo-Redondo, 2008; Ellegaard, 2009; Kavak et al., 2015; Seung-Kuk et al., 2009; Weitz et al., 2011; Wynarczyk & Watson, 2005). Uncertainty is managed through determining how much loss can be afforded, how many internal resources exist to mitigate supplier failure and how adaptive the supplier will be should they need to rectify a failure.

Buying decision outcomes are related to the final decision made by the small firm owner-manager. If the potential for loss can be managed to an affordable level, then a decision to purchase may be made; conversely if the sum of risk, price, internal resources and supplier adaptiveness does not lower loss potential to that which is deemed affordable, a small firm owner-manager may decide to seek alternatives or not to proceed with a purchase (Dew et al., 2009; Sarasvathy, 2001b).

3.3. Discussion

The model presented adds to theory by including the impact of affordable loss (Dew et al., 2009) and assessment of internal resources to the buying decision outcome. While extant literature tells us that a buyer will factor price and risk into their purchasing decision (Kraljic, 1983) and it has long been known that to avoid failure, salespeople should adapt their offer to suit the needs of the customer (Weitz et al., 1986), the impact of constructs associated with entrepreneurial behaviour provides a different lens through which to view the decision-making of a small firm owner-manager.

Affordable loss (Dew et al., 2009) provides an economic model which suggests that a small firm owner-manager will only risk what they can afford to lose. When operationalised as a buying decision, potential loss can be considered in both monetary and non-monetary terms. Direct financial loss may be accounted for in many ways including paying too much, buying incorrect or unsuitable goods, ordering the wrong quantity or dealing with an unreliable supplier. Yet, when the IMP interaction approach is considered (Håkansson et al., 2009) buying decisions of a small firm owner-manager may affect the ability of their firm to service their customers. This suggests that failure to buy correctly or select the right goods from a reliable supplier may negatively impact the satisfaction or their customers. Dissatisfied customers can lead to potentially lost orders, lost customers, reputational damage and in extremis, loss of a gateway customer, potentially leading to loss of market access.

Operationalising affordable loss (Dew et al., 2009) within buying decisions enables small firm owner-managers to evaluate purchasing decisions using a different lens from that used by larger firms. Controlling loss to that which is affordable, may provide the freedom to experiment with supplier choice and may provide a competitive edge. By constraining loss to one that is affordable, small firm owner-managers may choose to select suppliers who may be seen as too risky or immature by larger firms. This may provide cost advantage and/or access to newer, less established entrepreneurial firms that might in turn provide innovative products and services. The overall combination of cost and innovation may offer the small firm owner-manager's firm a competitive edge.

Dealing with less established or innovative firms may expose the buying firm to more risk. Yet, it would appear that risk may be managed by a small firm owner-manager through selection of suppliers from within their network in line with the principle of effectuation "whom I know" (Sarasvathy, 2001b, p. 78). Selection of suppliers whom are personally known to the small firm owner-manager appears to enable assessment of the adaptability of the suppler, their trustworthiness and the likelihood of them resolving problems should things go wrong.

In respect of internal resources, the model suggests that the value of supplier backup offered will depend on the availability of internal resources. Whereas a lack of internal resources may increase the perceived value of a supplier's offer, already having the required resources will reduce perceived value. When a small firm owner-manager factors in the cost of maintaining internal resources so as to protect from supplier underperformance vs. the backup offered by the supplier, the overall value proposition presented by the seller will change. Sellers need to be cognisant that the internal resources available to a small firm owner-manager may affect the price that they are prepared to pay.

When viewed through the lens of the IMP interaction approach (Håkansson et al., 2009) it could be claimed that the location of internal resources may not be important, providing that the required resources are readily available within the network of the small firm owner-manager. As such resources readily available in the wider network may be considered as internal, for the purposes of determining the buying decision outcome. The model presented further extends this concept through the addition of the effectuation principle of affordable loss (Dew et al., 2009), which many modify the outcome of the decision to hold internal resources or instead to rely on partnerships or suppliers. Larger firms may also find the model as presented to have merit in two ways. Firstly, extant selling literature conceptualises a dyadic relationship between buyer and seller. It recommends that salespeople consider the implications of their product or service and the value they can offer, to the party to whom they are selling and where appropriate, present a return on investment case (Rackham, 1988). Yet, when selling to a small firm owner-manager, who may be basing their decision on the effectuation principle of affordable loss (Dew et al., 2009), instead of a return on investment case, the buying decision outcome may differ due to the loss tolerance of the small firm owner-manager.

Secondly, in respect of large firms, when the buying outcome decision is considered through the lens of IMP network interaction (Håkansson, 1982; Håkansson et al., 2009; Snehota & Håkansson, 1995) it appears that buyer-seller transactions may have far wider consequences than may be initially obvious to sellers. Furthermore, internal resources may be considered to be available from not just the buying firm itself, but from within its wider network. In these circumstances, sellers should consider the scale of the network within which their customer operates and the availability and location of resources, then adapt their offer accordingly.

3.4. Conclusion

This study considered the impact of effectuation logic on the buying decisions of small firm owner-managers (Sarasvathy, 2001b). It proposes a new conceptual model in which the effects of effectuation logic were considered in relation to the predilection of small firm owner-managers to select trusted suppliers that offer sufficient available support resources to reduce potential losses to an affordable level, to use personal and business networks, and to engage with them on flexible terms (Cambra-Fierro & Polo-Redondo, 2009; Dew et al., 2009; Morrissey & Pittaway, 2004, 2006; Sarasvathy, 2001b).

Applying the IMP Interaction approach (Håkansson, 1982; Snehota & Håkansson, 1995) into the situation of small firms buying decision outcomes, appears to explain the challenge that owner-managers have when determining where and when to apply limited internal resources vs when to rely on the backup and support of supplier, in the event that things go wrong. Furthermore, applying the principle of effectuation affordable loss to the purchasing situation may explain why some purchasing decisions made by owner-managers appear more complex than can be explained by causal decision-making processes (Dew et al., 2009; Sarasvathy, 2009). This combination of uncertainty and consideration of loss affordability provides a new lens through which to consider the operational decisions made by owner-managers in small firms.

From a practitioner perspective, explicit evaluation of internal resources vs supplier adaptiveness provides a lens through which an owner-manager in a small firm can use to determine buying decisions. When the trade-off between direct investments in internal resources vs reliance on supplier adaptiveness (with a potential for higher price) is explicit, it provides a useful managerial tool that can be used to help owner-managers in small firms evaluate and balance risk, when operating under uncertainty. Furthermore, having a better view of risk and control of loss to an affordable level potentially opens the ability to try out new suppliers who may be seen as immature or too risky by larger firms, this suggesting that the owner-manager may be able to secure lower prices and better service, which may lead to a competitive edge.

Viewed from the perspective of a supplier, one small firm is unlikely to offer scale or buying power. Yet, when aggregated, small firms offer a substantial business opportunity (Sharma, 2006). When seeking to become a supplier to a small firm, a supplier should consider the impact of their offer on the ability of the buying firm to meet the needs and expectations of its customers. Moreover, literature appears to suggest that, to be effective, two conditions must be met by a potential supplier. Firstly, to access the small firm market, a supplier must actively develop a network of social relationships with small firm owner-managers and develop their reputation for sincerity and trustworthiness; indeed, it is from within this network that suppliers will be selected (Adams et al., 2012; Bolander, Satornino, et al., 2015). Secondly, suppliers need to be adaptable to the needs of small firm owner-managers. While they value service over price, they also require flexible trading terms and due to poor planning and a lack of resources, they rely on their suppliers to deliver high levels of customer service and technical backup (Cambra-Fierro & Polo-Redondo, 2009; Ellegaard, 2009; Ellegaard, 2012; Thakkar et al., 2008b). Furthermore, when a supplier has proven itself, small firm owner-managers appear to wish to become loyal customers and remain in long-term trading relationships (Cambra-Fierro & Polo-

Redondo, 2008; Ellegaard, 2009; Kavak et al., 2015; Seung-Kuk et al., 2009; Wynarczyk & Watson, 2005).

From a research perspective, the conceptual model presented provides an innovative conceptual framework which links essential factors for small businesses and better delineates the effectuation principle of affordable loss (Dew et al., 2009; Sarasvathy, 2009), internal resources and supplier adaptiveness (Weitz et al., 1986), while operating under conditions uncertainty. Affordable loss has previously been associated with entrepreneurial venture creation related decisions (Dew et al., 2009). Yet, this study has shown that it could also be fundamental to small firm owner-manager buying decisions. Furthermore, at a theoretical level, it could be argued that the decision-making process for buying goods or services may be similar to determining other business decisions that a small firm owner-manager may need to make. One example is the financial basis on which to hire a new member of staff. Applying the model to a hiring decision shows that whatever the up-side of new staff, unless the loss associated with a failed hire is affordable, the small firm owner-manager may not proceed. Similarly, developing new product development or new market entry have the potential for both upside and loss, suggesting that the principle of effectuation affordable loss (Dew et al., 2009) may be an important factor in the decision-making process.

Although this study presented a new conceptual model in relation to small firm buyer-seller interactions, it is not without its potential limitations. One of the challenges encountered was to define the field of study, which was achieved through the use of conceptual deduction methods (Meredith, 1993). The topics suggested produced a vast corpus of potential studies that used a wide array of research methods. The broad array of research methods represented made it difficult to produce direct data comparisons.

Future research could use the findings of this study to reduce the number of search criteria, thus enabling the use of systematic search and analysis techniques (Tranfield et al., 2003). Furthermore, empirical studies could test the validity of the presented conceptual model in a wide range of situations including buying, recruitment and new product development, as well as across a range of different market sectors and geographical locations.

3.5. Reflections on paper two

As there was a lack of extant literature in relation to small firm selling, I decided to investigate buyer-seller relationships from the buying side of the dyad. Articles by Adams et al. (2013), Ellegaard (2006) and (2009), Morrissey & Pittaway (2006) and Thakkar et al. (2008a) provided evidence of small firm owner-manager behaviour. Yet, they failed to provide explanation of underlying decision-making processes. Accordingly, my attention was directed toward identifying theory that might explain the decision-making processes of small firm owner-managers when engaged in buying activities.

I had previously encountered effectuation logic (Sarasvathy, 2009) and felt that it accurately portrayed decision-making logic that I had applied during my entrepreneurial career. Moreover, it appeared to explain decisions made by small firm owner-managers within my personal and business networks. I recognised how owner-managers used such networks to access resources to augment what they had internally (Sarasvathy, 2009). Furthermore, I was particularly interested with the concept of affordable loss and the way it was extended and operationalised by Dew et al. (2009).

I identified a call for papers for the IMP journal conference, in respect of small firms operating in a situation of uncertainty. Additionally, Bocconcelli et al. (2016), a leading scholar in the IMP group, had issued a call to integrate literature from small business management and entrepreneurship. As effectuation (Sarasvathy, 2009) is an entrepreneurship theory that is posited as a way to overcome uncertainty in a small firm situation, I felt that this was a call I could respond to. I therefore decided to synthesise literature pertaining to small and large firm buying activities, then to compare it with the decision-making processes as posited by effectuation (Sarasvathy, 2009). This led to development of a conceptual model showing the effect of effectuation logic on sales outcome, as shown in Figure 3.2.6-1 on page 81.

During the conceptual development process, I fully expected to join the ever-growing number of scholars who reported the efficacy of effectuation in a wide variety of situations, see for example Brettel et al. (2014), Futterer et al. (2018) and Ortega et al. (2017). Yet, when I attempted to critically evaluate effectuation (Sarasvathy, 2009) related literature, I was surprised that only three scholars appeared to have published papers that identified significant limitations. Arend et al. (2016) claim that insufficient rigour has been applied to testing effectuation, so it cannot be claimed as a theory. Mäensivu et al. (2017) claim that the effect of effectuation can be explained through existing marketing theory. Subsequently, Wu et al. (2020) identified that effectuation positively impacts NPD speed but may negatively impact NPD quality.

Reflecting upon this study I now hold the view that effectuation is a useful theory, which does appear to explain decision-making of small firm owner-managers. However, it would appear that when used by a small firm owner-manager in respect of buying and selling decisions, it may lead to negative consequences. Further work to investigate the potential downside of use of effectuation by small firm owner-managers was conducted and reported in the following two papers contained herein.

4. Use of effectuation by established micro businesses: Short-term gain, long-term pain?

Abstract

Purpose: The purpose of this study is to investigate the efficacy and impact of effectual logic used by owner-managers of established micro firms when making buying decisions.

Design/methodology/approach: Semi-structured interviews were conducted with 13 owner-managers of micro firms, concerning their decision-making processes when selecting suppliers. Interviews were transcribed verbatim, then analysed thematically.

Findings: This study contributes to the literature in respect of effectuation by considering its use by a micro firm owner-manager to develop relationships with trusted suppliers. Findings suggest effectuation positively promotes flexibility and reduces loss potential, thus, positively affecting the price that the owner-manager is willing to pay. Furthermore, it also appears to necessitate effectual selling, with an ongoing iterative process, in which effectual selling leads to effectual buying. In contrast to extant literature, this study suggests that application of effectual logic to buying and selling decisions, by a micro firm owner-manager can create, rather than reduce, uncertainty.

Research limitations/implications: This study is based on single interviews with a sample of owner-managers of micro firms that operate within the same industry and within a single country. The subjective nature of qualitative research, homogeneity and size of sample may prevent generalisation of the findings.

Practical implications: Effectual buying and selling appears to provide a micro firm with the ability to engage with flexible suppliers so as to offer a heterogeneous array of products and services to its customers, thus promoting sales success. Yet, the lack of homogeneity of customer needs and need for supplier flexibility may lead to overall costs being greater than those that could be achieved if the micro firm specialised in a smaller range of products and services and developed internal resources to meet the needs of its customers.

Originality/value: In contrast to extant literature that states that effectuation is a way to reduce uncertainty to a level at which a decision can be made, this study suggests that continual use of effectual logic by owner-managers of micro firms when making buying and selling decisions can instead create more uncertainty in the longer term.

Keywords: Effectuation, Micro firms, Buyer-supplier relationship, Networking, Effectual selling.

4.1. Introduction

Extant buying literature identifies differences between the procurement practices of large and micro firms (Ellegaard, 2006; Ellegaard, 2009), yet little is known about the decision-making logic of micro firm owner-managers with respect to buying. Accordingly, this paper seeks to extend the work of McGowan (2018), published in volume 12 of the IMP Journal, and responds to his call for empirical investigation into the impact of the use of effectual logic by micro firm owner-managers in determining buying decisions.

Whilst it would appear that large firms employ trained professionals to conduct buying activities, in micro firms with limited resources, the owner-manager is more likely to take personal responsibility for buying activities (Ellegaard, 2006). The owner-manager, however, may not be formally trained in buying, may be less experienced and, consequently, as suggested by Ellegaard (2006), may rely on more informal practices. Decisions are, therefore, more likely to be based upon opinions than facts and, due to resource restrictions, an inability to access all options from the whole market (Seung-Kuk et al., 2009). This suggests that the processes used by large and micro firms may be different, with micro firms more likely affected by effectuation.

Effectuation theory, which is a combination of decision-making heuristics, is posited as a logic used by entrepreneurs to support decision-making in situations of uncertainty (Sarasvathy, 2009) in which an owner-manager of a micro firm may rely on their personal means, skills and knowledge to arrive at a decision (Fisher, 2012). 'Effectuation is the inverse of causation. Effectual reasoning is not merely a deviation from causal reasoning; it is a distinct mode of reasoning based on an entirely separate logic than the logic behind causal reasoning' (Sarasvathy, 2001a, p. 1; 2001b). When applied to small firm buying decisions, it is claimed to explain the processes used by an owner-manager and suggests that they have a predilection for flexible commercial terms and trading with suppliers known to them through business and personal networks (McGowan, 2018).

The Industrial Marketing and Purchasing (IMP) group tradition suggests that the success of a firm may be significantly dependent upon a dyadic relationship with its customers and suppliers (Bordonaba-Juste & Cambra-Fierro, 2009; Snehota & Håkansson, 1995; Turnbull et al., 1996). Said inter-firm interactions require sufficient and appropriate allocation of resources by both sides of the dyad to promote long-term success (Davies & Ryals, 2014; Ivens & Pardo, 2016).

Additionally, 'business interaction is often resource and investment intensive and commonly involves prioritizing between counterparts and processes' (Håkansson & Ford, 2016, p. 169).

Micro firms, however, lack resources to invest in relationships and processes, may lack depth of expertise and experience, and may thus be less able to plan for and cope with external influences (Huin et al., 2002; Kavak, Tunçel, & Özyörük, 2015a Koh et al., 2007; Morrissey & Pittaway, 2006; Seung-Kuk et al., 2009; Thakkar et al., 2008a). This leads to the suggestion that further investigation into how micro firms successfully undertake buying activities (McGowan, 2018) and engage in buying and selling relationships and networks while experiencing resource restriction (Bocconcelli et al., 2016), would be of interest to both scholars and practitioners.

This paper proceeds as follows: First, it presents a review of the literature starting with a review of effectuation (Sarasvathy, 2009), then it considers constructs relating to micro firm buying behaviour with propositions proposed in relation to the buying activities of owner-managers; specifically, how personal relationships and supplier flexibility positively impact the choice of products and services that form the sales strategy and customer proposition of the micro firm. A short description of methods used to conduct empirical research is followed by presentation of findings and a discussion. The final section outlines conclusions, managerial implications and limitations of this research.

4.2. Review of Literature

4.2.1. Effectuation: Decision-making heuristics

Heuristics provides a practical approach through which managers apply rules of thumb to aid decision-making in situations of uncertainty (Grandori, 2010; Guercini, 2019). Prior work by Guercini, La Rocca, Runfola, and Snehota (2015) considered use of heuristics within buyer-seller relationships and posited heuristic rules that are used by salespeople when preparing for and engaging in face-to-face meetings with a buyer. These are adaptation rules to identify and configure communications to match the business operations, role and position, personality and cultural background of their buyer, reacting rules to keep attention focused on the meeting, use of improvisation and time breaks to enable adaptation of the conversation should unexpected topics arise, and code of conduct rules used to ensure that respect is shown and personal bonds and build trust developed between the parties (Guercini et al., 2015). Yet, buyer-seller relationships are by their nature dyadic, with no claim that the rules used by salespeople are used by buyers. This therefore suggests further investigation is required to identify if and what heuristic rules buyers may use when making decisions.

Effectuation theory, which is a combination of decision-making heuristics, seeks to explain how decisions are made under uncertainty (Sarasvathy, 2009; Welter & Kim, 2018). This contrasts with causal decision-making, where goals are identified and then the resources and actions acquired to achieve the goals. Under effectual decision-making, personal means (both possessed and acquirable), skills and knowledge are combined to create an opportunity or solution (Sarasvathy, 2009).

When applied to buying decisions, causal thinking suggests large firms identify required resources and then acquire them based upon predicted needs (Ivens & Pardo, 2007). Needs appear to be market driven and customer focused, with clearly identified goals strategically aligned to the business (Cooper, 2018). Unplanned events are unwelcomed risks and, where closer collaboration with suppliers would be advantageous, more formal partnerships may be formed (Håkansson et al., 2009).

In contrast, McGowan (2018) posits that when making buying decisions, owner-managers instead use the heuristics of effectual logic, which comprises means, partnership, affordable loss and leverage contingency (Welter & Kim, 2018). Effectual means are the resources of ‘who I am’, ‘what I know’ and ‘who I know’ (Sarasvathy, 2001a, p. 78). This may enable an owner-manager to draw upon their social capital in order to access resources from suppliers within their network so as to promote flexibility and adaptiveness (Felzensztein, Brodt, & Gimmon, 2014; Sarasvathy, 2009). Effectual partnership is the desire and ability to develop opportunities and share risk (Sarasvathy, 2009) with self-selecting partners (McKelvie et al., 2019; Welter et al., 2016), thus enabling an owner-manager to co-create emergent solutions within pre-trusted relationships (McKelvie et al., 2019; Welter et al., 2016). Effectual affordable loss is the sum of time and money available to the owner-manager that may be lost without causing the absolute failure of the venture (Sarasvathy, 2009), thus enabling an owner-manager to enter into flexible supply relationships that limit risk to that which is affordable (Dew et al., 2009). Effectual leverage contingency is the ability to welcome problems and make rapid changes based upon uncertain circumstances (Sarasvathy, 2009), thus enabling an owner-manager to access a greater level of opportunity, for example, to supply to customers who require products and services that they currently do not offer (McGowan, 2018).

4.2.2.Supplier relationships

A comparison of the decision-making criteria used by large and micro firms is considered as it relates to buyer-supplier relationships and the constructs of buying activities, supplier selection and performance expectations, and make or buy decisions.

4.2.3..Personal relationships

The role of personal relationships within the context of the buyer-seller dyad has been investigated in respect of strategic alliances, network innovation (Agostini & Nosella, 2019) and internationalisation (Agostini & Nosella, 2019; Brache & Felzensztein, 2019; Felzensztein, Deans, & Dana, 2019). Furthermore, work to identify the processes within such relationships, suggests relationship quality is dependent upon interaction, perceived relationship orientation, competence, benevolence (Casidy & Nyadzayo, 2019), trust (Akrout & La Rocca, 2019; Casidy & Nyadzayo, 2019) and a willingness to customise (Nyadzayo, Casidy, & Thaichon, 2020). Yet, while it would appear that such relationships are important to the development and success of a micro firm (La Rocca, Perna, Snehota, & Ciabuschi, 2019), further work to identify the antecedents and efficacy of decision-making heuristics, in respect of personal buyer-seller relationships is required (Guercini et al., 2015; Hesterly & Smith 2019; McGowan, 2018, 2020).

4.2.4.Buying activities

Extant literature suggests that, due to a lack of resources, an owner-manager may have to take personal control of buying activities (Ellegaard, 2009). Yet such control may offer control of input costs, avoidance of mistakes and facilitation of closer management of the overall profitability of their firm (Ellegaard, 2009; McGowan, 2018). It may also provide a way to maintain and develop personal and business relationships, thereby expanding their effectual means (Sarasvathy, 2009).

Owner-managers appear to prioritise buying activity directed towards helping their organisation meet immediate customer needs (Kavak et al., 2015; Quayle, 2002). This could include developing relationships with suppliers' salespeople or senior managers through networking to build tacit knowledge about available products and services as well as trust, conceptualised as confidence (Ellegaard, 2009) developed through mutual respect, shared social experience and ethical alignment (Morrissey & Pittaway, 2004).

Indeed, this investment in supplier relationships would appear directed toward developing a network of trusted suppliers who are prepared to be flexible and can offer a depth of resources that an owner-manager can call upon to provide more and better products and services to their customers and, should things go wrong, access to the backup and support needed to resolve their customers' problems (McGowan, 2018). All of this leads to:

Proposition 1: The owner-manager of a micro firm will take personal control of buying decisions so as to develop personal relationships that, in turn, lead to supplier flexibility.

4.2.5. Supplier selection and performance expectations

Large firms use both formal buying criteria (Adams et al., 2013; Kraljic, 1983) to plan and acquire resources (Ivens & Pardo, 2007) by scanning the whole market (Seung-Kuk et al., 2009) and agreements in which risks are transferred to the supplier (Seung-Kuk et al., 2009). In contrast, owner-managers of micro firms appear to prefer informal relationships that offer flexible buying arrangements (McGowan, 2018).

Supplier flexibility includes a willingness to adapt the sales and relationship offer, product and service quality, and availability of logistical, technical and other backup services (Cambra-Fierro & Polo-Redondo, 2008; Ellegaard, 2009; Kavak et al., 2015b; Seung-Kuk et al., 2009; Weitz et al., 2011; Wynarczyk & Watson, 2005) so that should things go wrong, the supplier can be called upon to put them right (Cambra-Fierro & Polo-Redondo, 2008; Ellegaard, 2009; Kavak et al., 2015; Seung-Kuk et al., 2009; Wynarczyk & Watson, 2005). This suggests that because supplier flexibility reduces the level of resources an owner-manager requires within their micro firm, it is more important than achieving the lowest price (McGowan, 2018).

A lack of scale and uncertainty of customer needs suggests a predilection toward flexible contract terms that avoid commitment by an owner-manager to delivering pre-determined levels of business within agreed timescales (Beekman & Robinson, 2004; Ellegaard, 2009). This also suggests that when uncertainty or risk are perceived, supplier flexibility becomes a more important buying criterion than price alone (Bordonaba-Juste & Cambra-Fierro, 2009; Morrissey & Pittaway, 2006).

In summary, supplier flexibility facilitates risk management. By using trusted suppliers who offer flexible backup and support and limiting financial exposure to that which is affordable, with needs based only upon current customer requirements, flexibility positively impacts supplier sales price (McGowan, 2018). All of this leads to:

Proposition 2: Supplier flexibility positively impacts the price that a micro firm owner-manager will be prepared to pay.

4.2.6. Make or buy decision

The decision of what to make internally and what to buy from suppliers sets the boundaries of the firm (Gadde & Wynstra, 2018). The causal approach taken by a large firm includes understanding market needs and setting clear customer goals, with strategic alignment to overall business (Cooper, 2018). Marketing strategy includes segmentation, prioritisation and targeting, with a salesforce organised around selling models and channels, all with clearly defined objectives (Cron et al., 2014; Panagopoulos & Avlonitis, 2010; Terho et al., 2015). Sales forecasts are thus translated into operational requirements (Johnston & Marshall, 2016), with internal resources identified and those that are not readily available acquired from suppliers (Ivens & Pardo, 2007). Thus, the sales organisation is tasked with selling what the firm can deliver.

An owner-manager of a micro firm is less able to plan for the nature and volume of future sales with barriers to success, including lack of infrastructure, organisation and process (Boejgaard & Ellegaard, 2010; Dibb et al., 2008; Homburg et al., 2008; Sharma, 2007). Use of effectual logic would, therefore, suggest the owner-manager identify potential customers to whom they can sell, determine customer needs and then, through their effectual means, access resources from their supplier network so as to customise a solution (Sarasvathy, 2009). This use of effectual selling appears to be dependent upon an effectual buying strategy. Thus, the owner-manager of the micro firm must continue to expand their supplier network because, should a customer require something they do not currently have available to them, the owner-manager may use their personal and business relationships to find a supplier who offers what is required along with the flexibility needed to meet the needs of their customer. All of this leads to:

Proposition 3: Use of effectual means (including effectual buying) to create individual customer solutions so as to secure sales orders will positively promote effectual selling, which may, in turn, also lead to the further use of effectual buying.

The relationships suggested by the above propositions are presented as a conceptual model in Figure 4.2.6-1. This suggests that supplier flexibility appears to be dependent upon personal relationships developed through the owner-manager taking personal control of buying activities (Ellegaard, 2009). Supplier flexibility appears to moderate price, as it would appear that supplier backup and support offers effectual means through which the owner manager can deal with problems without negatively impacting their customer relationships (McGowan, 2018). This leads to the overall buying outcome. As the sum of what can be bought will ultimately impact what can be sold (Håkansson et al., 2009) it is proposed that the use of an effectual buying strategy by an owner-manager may thus lead to an effectual selling strategy. Indeed, when an owner-manager identifies an opportunity that they are unable to fulfil through their existing means, they may well utilise their effectual buying skills to identify a supplier through which the means can be accessed to maximise their selling opportunity.

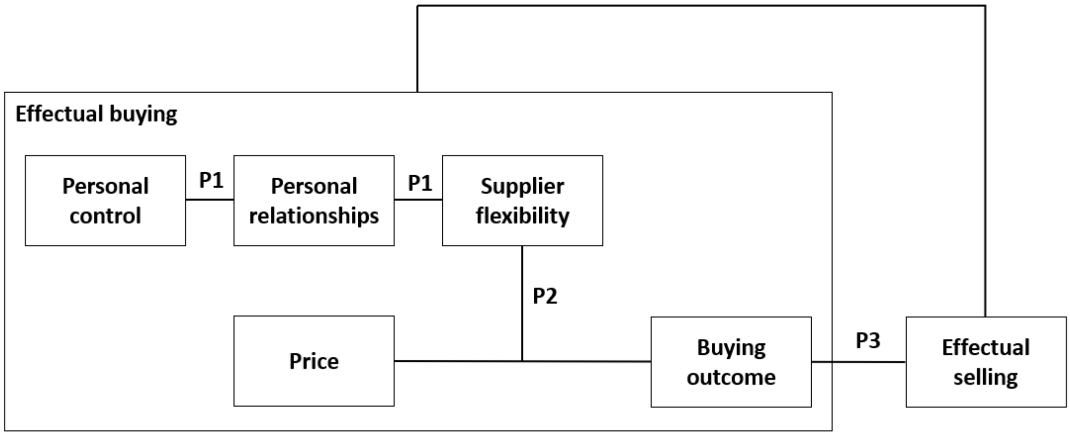

Figure 4.2.6-1: The relationship between effectual buying and selling

4.3. Methodology

4.3.1. Research perspective

This study investigated how and why an owner-manager of a micro firm makes buying decisions. It was designed to be in line with other recent studies into the use of effectual logic (Hauser, Eggers, & Güldenberg, 2019; Pfeffer & Khan, 2018), is qualitative in nature and follows an interpretivist paradigm (Saunders, Lewis, & Thornhill, 2012). The ontological position assumes reality is constructed through the experience of the life lived and the meaning participants make of it (Seidman, 2013).

This study provides a snapshot concerned with the variance of why and when an owner-manager of a micro firm may select effectual decision-making logic. The unit of analysis is the individual and the domain is their buying activities; boundary conditions are established firms that have been trading for more than 3.5 years (McKelvie et al., 2019; Oumlil & Balloun, 2017).

In order to investigate the impact of effectual logic on buyer-seller relationships, it was important to identify a sector in which effectual buying would be a logical strategy, at least by the micro firms that operate in it, and in which the customers value other aspects of the relationship above price, for example, the skills and abilities of the provider or technical support. Extant literature suggested that the telecommunication sector would appear to be such a sector; due to the technical nature of the products, customers use constructs other than price to determine the selection of their supplier (Ahmadi, Petrudi, & Wang, 2017; Yang, 2015). Thus, by selecting participants operating in a single market, other extraneous factors were minimised (Saunders et al., 2012).

4.3.2.Sample

Prior work in relation to buying by Ellegaard (2009) suggested that owner-managers take personal control of buying decisions. Yet, in his paper, a small firm is defined as employing fewer than 20 people. While ensuring that his sample contained only firms where the owner-manager is in day-to-day control, this size classification does not align with the recognised definition of a small firm. The European Union does, however, provide some useful definitions for Small- and Medium-Sized Enterprises (SMEs), with a small firm having between 0–49 employees and/or turnover of less than €50M ("What is an SME?", 2005). While it may be that owner-managers of a firm at the lower end of this scale may take personal ownership of buying decisions, it would seem plausible that firms at the upper end of the scale may employ staff to engage in buying activities. This suggests that the European Union's definition of a micro firm as having fewer than 10 staff and/or turnover less than €2M ("What is an SME?", 2005), was the most appropriate measure for this study.

Purposive homogeneous sampling was used to identify participants (Creswell & Poth, 2016; Saunders et al., 2012). Initial internet searches for 'telecommunication resellers UK' and 'telecoms resellers UK' produced a long list of potential participants. Financial accounts were downloaded from UK Companies House and inspected to identify those that matched the sample criteria. The owner-manager was then approached by telephone and invited to participate in a telephone interview. On average interviews were 33 minutes in duration. A summary of participants is shown in Table 4.3.2-1.

Table 4.3.2-1: Summary of participants

Participant	Duration (in minutes).	How many people own the business?	Age of business (in years)?	Number of employees (FTE).	How many suppliers do you have?	How long have you been involved in buying (in years)?	Have you ever been trained in buying?	Prior industry experience?	Prior sales experience?	Prior management experience?	Prior experience in small firms?	Prior experience in large firms?
1	22	1	19	8	-	33	No	Yes	Yes	Yes	No	Yes
2	37	3	5	2	10	5	No	Yes	Yes	Yes	Yes	Yes
3	38	2	13	3	30	30	No	Yes	Yes	Yes	Yes	Yes
4	45	2	16	2	9	16	No	Yes	Yes	Yes	No	Yes
5	37	1	7	7.5	6	10	No	Yes	Yes	Yes	Yes	Yes
6	46	2	9	8	14	9	No	Yes	Yes	Yes	No	Yes
7	25	2	27	9	8	27	No	Yes	No	No	No	Yes
8	20	2	18	6	30	18	No	Yes	Yes	No	No	Yes
9	38	3	8	5	10	6	No	Yes	No	No	No	Yes
10	30	2	9	3	12	9	No	Yes	Yes	Yes	Yes	No
11	39	1	8	4	20	8	No	Yes	No	Yes	No	Yes
12	28	2	16	2	20	16	No	Yes	No	Yes	No	Yes
13	30	2	25	2	8	25	No	Yes	No	Yes	No	Yes
Average	33	2	14	5	15	16						
Total							0	13	9	10	4	13

4.3.3. Interview guide

An interview script linking questions to literature and casual or effectual decision-making was developed (McKelvie et al., 2019). Apart from questions regarding the participant's, business situation (ownership, age, number of full time employees (FTE) and number of suppliers) and personal experience (industry, firm size, management, buying and selling), the interview guide was based upon the following questions (with number of prompts shown in brackets):

Q1: Can you talk me through how you choose suppliers? (10).

Q2: How would you describe your relationship with your most important suppliers? (8).

Q3: Do you work in partnership with any of your suppliers to create new marketing initiatives, products or services? (4).

4.3.4. Data analysis

Semi-structured recorded telephone interviews were conducted during December 2019, transcribed verbatim and analysed thematically using the Braun and Clarke (2006) six-stage process. Data was organised in NVivo software. Sixty researcher-derived initial codes were generated (Braun & Clarke, 2013). Codes were collated into seven initial themes, then applied to an a priori coding template based upon the propositions in this paper and findings from McGowan (2018). A recursive approach was taken to allow for additional codes and themes to be created and included in the analysis up to completion of the project. After 13 interviews, theoretical saturation appeared to have been reached, as participants were no longer providing new information (Creswell & Poth, 2016; Saunders et al., 2012).

4.4. Findings and discussion

Data acquired during 13 semi-structured interviews with owner-managers of micro firms was thematically analysed using both open and a priori coding (Braun & Clarke, 2013). Figure 4.4-1 (page 100) shows the relationships between themes, sub-themes and individual codes, compared by the number of coding references, at phase six of the analysis process (Braun & Clarke, 2006).

Findings are first presented in relation to the propositions of this paper, followed by introduction of a new theme identified through the data analysis and consequent conceptual model, which suggests that effectual buying and effectual selling may increase the level of uncertainty experienced by the owner-manager of a micro firm.

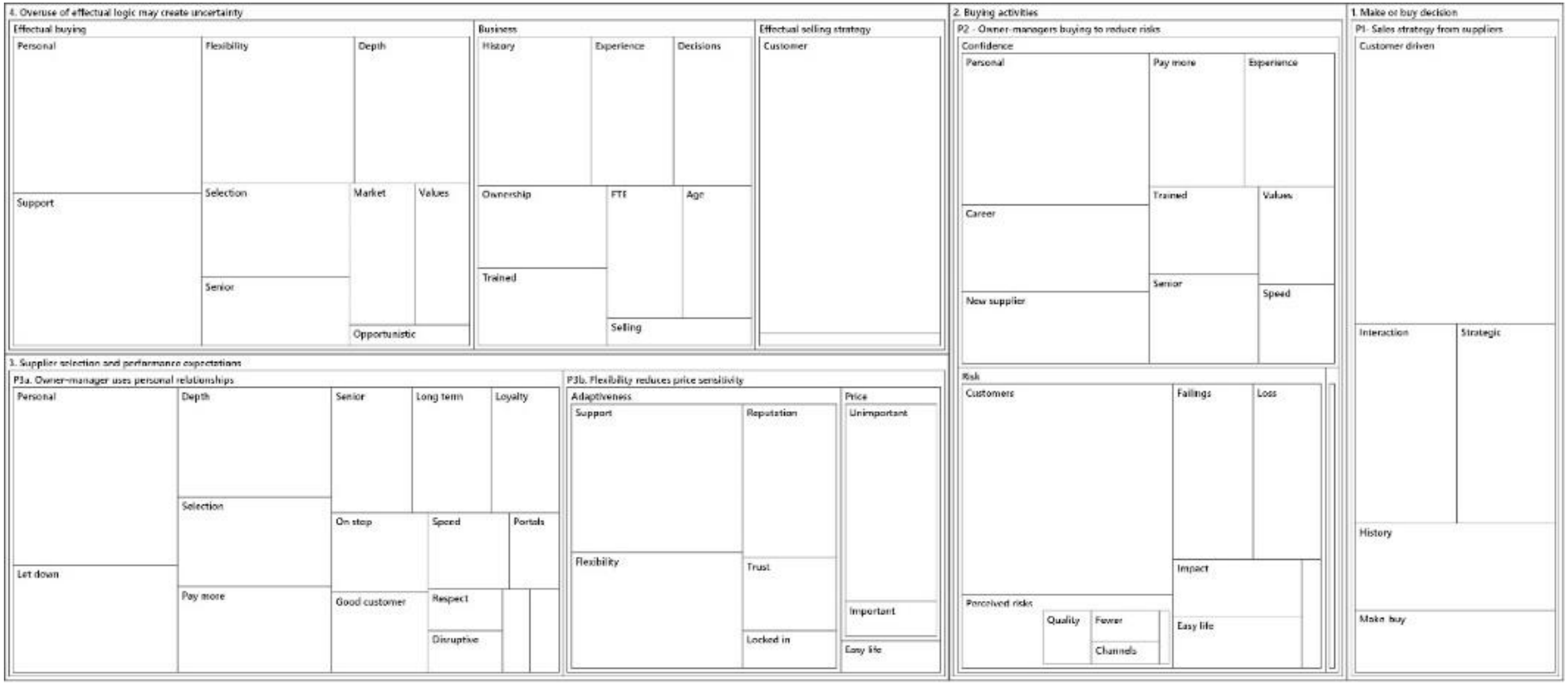

Figure 4.4-1: Nodes and themes compared by number of coding references, at phase 6 of the coding process (Braun & Clarke, 2006)

4.4.1. Buying activities

None of the participants had been formally trained in buying, yet 11 had significant experience in a sales or sales management role and two participants had experience in customer support, suggesting experience in meeting customer needs and the implications when a firm does not. Most participants said that they had been involved in buying since the inception of their firm, which is in line with the suggestion that owner-managers were untrained in buying yet have a predilection to handle it personally (Ellegaard, 2006). Indeed, participants gave the impression that, as experienced businessmen with experience in selling and customer service, they possessed tacit knowledge (Jisr & Maamari, 2017) and, therefore, did not need formal training in buying. Participant 7 (P7) joked about it: '*Yes, my wife taught me [when] buying Jimmy Choo shoes and handbags (*Laughter)'. This link between selling and buying skills was expressed well by P5: '*It's similar to sales where you need to speak to a guy that can say, "Yes."… It's the same with talking to a supplier.'*

When asked how new suppliers were selected, participants talked about interpersonal relationships (Morrissey & Pittaway, 2004). '*Over the years I've built up contacts… the telecoms support company we use is somebody that I have probably known for 20 years'* (P10). Similarly, '*…niceness… I actually get on really well with the guy. We have a chuckle on the phone, he knows what he's talking about, gives me all the right answers…, the price is right, the product is right, I like him, so I will deal with his company'* (P11). The way in which participants talked about the role of personal relationships suggests interaction, competence, benevolence (Casidy & Nyadzayo, 2019; Nyadzayo et al., 2020) and trust (Akrout & La Rocca, 2019), all of which lead to a high quality buyer-seller relationships (Casidy & Nyadzayo, 2019; Nyadzayo et al., 2020). Furthermore, the way that P10 discussed use of humour by both buyer and seller, appears to be consistent with use of adaptation heuristics, in which the seller configures their communication to suit the role, position and personality of the buyer, reacting heuristics in which the seller responds to events as they unfold and code of conduct heuristics in which respect and personal bonds are antecedents to trust development between the parties (Guercini et al., 2015).Participants discussed they dealt with a new supplier by requiring them to prove themselves, often by providing a trial sample. When talking about how he brought on board a new product, P1 said '*I tread carefully. Make sure you know what you're doing and you're working with a supplier that has a track record'*. Similarly, '*I do as much checking as I can in the first place to make sure it does what it says on the tin'* (P13). This cautious approach also applies to existing suppliers. '*When a new product or a new service comes out, even if it is with one of our trusted suppliers, we won't go all guns blazing. We'll try it ourselves and let them make the* *mistakes, because they will. They'll get things wrong, as everybody does when a new service comes out…we very much dip our toe in the water'* (P4). All of this suggests that owner-managers of micro firms understand the importance of interaction between their suppliers and their own ability to deliver to their customers (Håkansson et al., 2009).

Personal control of buying appears to allow an owner-manager to control the quality of the solution that they deliver to their end user customers. This was expressed particularly well by P10, '*It's our reputation with the end user that is at stake, the [customer] end user won't necessarily know who is behind us in a network, so if something goes wrong, we get our backsides kicked, and it's our reputation that gets damaged, not the people sitting behind us',* suggesting that interaction between supplier performance and the overall performance of the micro firm (Håkansson et al., 2009) is a significant consideration for owner-managers when making a buying decision. Indeed, this need for the supplier to provide flexibility in the form of backup and service so that, should things go wrong, the owner-manager can call upon them to resolve the problem, appears to significantly impact the basis of the buying decision. This provides support for proposition 1, which states that *a micro firm owner-manager will take personal control of buying decisions so as to develop personal relationships that, in turn, lead to supplier flexibility.* The importance of flexibility is further discussed in relation to price, as it would appear that the more capable and willing a supplier is to provide flexibility of backup and support, the less importance an owner-manager will assign to price (McGowan, 2018).

4.4.2.Supplier selection and performance expectations

When talking about other factors impacting supplier selection, all participants were prepared to pay more for products and services from a supplier that provided support and flexibility (McGowan, 2018). '*What I'm looking for is… how quickly can I get support? Who does the support and what's the sales order process and how quickly can I get a sales order satisfied, and so on?… Cost comes, probably, third, fourth and even fifth on that list…. sometimes you can tell by the tone of voice what they're saying, how they're saying [it], and whether they're going to be reliable or not*' (P5). Put perhaps, more succinctly, '*it's all to do with service, how reactive and … suppliers showing that they care about us a customer'* (P9).

The way in which participants discussed day-to-day operations suggested that suppliers are of strategic importance. Indeed, there is a tacit understanding that the abilities of their firm are dependent upon their suppliers, as they provide access to resources which enable the firm to meet its customer's needs (Agostini & Nosella, 2019; Håkansson et al., 2009; Jisr & Maamari, 2017). All participants made comments similar to these: '*if they're not there, there is no business'*

(P1); '*yes, without a doubt [our suppliers are strategic]*' (P4); and '*we couldn't do [business] without them*' (P9). Indeed, the participants felt strongly that their suppliers needed to view them as good customers: '*We're a good company to deal with…we have good technical experience, so know all the products that we're selling well and, commercially, we are a good credit risk*' (P1). Similarly, '*If a supplier put us on stop, I would consider that being our failing. We would have done something wrong*' (P4). This suggests that an owner-manager of a micro firms desires high quality relationships (Akrout & La Rocca, 2019; Casidy & Nyadzayo, 2019) and is prepared to commit to being good a customer, as they appear to recognise the value of their suppliers to extend the capability of their firm and its ability to secure new business and meet its obligations to its customers, in alignment with the concept of IMP Interaction as posited by Håkansson et al. (2009). Indeed, the implications of a supplier failure were stark: '*you lose business partnerships, you lose business and, worst case, have to reverse deals altogether*' (P1). Additionally, supplier failure can impact the overall profitability of the micro firm. '*That [supplier failing] had an impact on us not only because of the outage and the time to fix [for our customers], but we couldn't bill any of our customers for about a day [worth of phone calls] either and that came straight out of the bottom-line of our business*' (P11). Accordingly, from the perspective of the micro firm owner-manager, supplier relationships need to be interpersonal, not inter-firm. P6 said *'when I have a problem, I raise it with [name] in the [suppliers] management team… to make sure [my customer's problem] gets progressed'.* Seniority also appears to be important: '*If I want something doing and I want it doing quickly, I speak to the person that can say, "Yes," and they do it*' (P5).

In return for access to flexibility and support, the participants appear to offer customer loyalty. It would seem that a supplier having a problem would but necessarily cost them future business. P11 said, '*it's not what you do, it's how you deal with it… not necessarily what you say but how you say it… how you fix it and how you deal with it, that makes a big difference to me*'. Similarly, '*I wouldn't sever the relationship. I would try and think about how I can protect myself from my customer's point of view*' (P12), suggesting a desire to continue working with the supplier but to understand their weaknesses and mitigate them so as to protect the end customer. Yet, there are limits, as suggested by P7: '*when I have a problem, I scream and scream and scream… put a black mark against them. It depends how much they'd screwed up and how badly it affected us. If it wasn't too major, we'll just bear it in mind, but if they really kept screwing up, I would immediately start seeking an alternative'.* A similar approach was discussed by P10: *'If they mess up, we'll raise it with them and if they mess up twice then we start looking elsewhere'.* This suggests the relationships that an owner-manager has with individuals within their suppliers is of prime importance to them. P12 explained how he had ceased to use one supplier due to changes in the business and the people with whom he was dealing. '*I've kicked service suppliers [out] because [the] people [we dealt with] have gone, and I [now] don't feel comfortable with them, so I've stopped using them'*.

In summary, price of the products or services appears not to be the most important factor in the supplier selection and buying decisions made by the majority of the micro firm owner-managers who participated in this study. Participant 3 provided an explanation that was echoed by many of the other participants when he said, '*we don't buy just on price.... it is the support that goes with it. We have an example of that right now, where the support on a handset and software combination is better from one supplier than the other. Even though we might pay a few pounds more, now and again, for handsets from the better one, we'll still carry on buying from them, because the support is better'*.

Yet not one of the participants said that they would engage in long term supply contracts' instead, flexible buying arrangements are required. P2 explained what long-term commitments might look like in their industry and why he would not enter into one '*I don't have a long-term supply contract with any of my suppliers. It's not like I'm committed to buy from them for a year, two years or three years. It's a flexible supply chain. So, I can pick and choose as to where I get products from on a day to day, week to week, month to month basis. I wouldn't sign with a supplier if they said, "Well, we must have all your business for 3 years".* Participant 10 explained that he felt that the size of the company precluded him from entering into long-term buying commitments: '*No, we don't do targets. I think because of the size of the company, we can't commit to any target'.* This suggests that while the owner-managers of micro businesses consider relationships to be long term, their lack of scale and uncertainty about future customer needs precludes them from entering into long-term buying contracts.

P2 captured the essence of the situation that owner-managers of micro firms face when selecting suppliers and the decision-making logic that is used when he reported on a conversation he had with a friend who was thinking of starting his own business:

'If you go and buy a phone from that [supplier] and something goes wrong with that phone, it takes you two weeks to sort it out. Reputationally, the damage is to your business because you didn't go with a better supplier at £5 or £10 more, but because it was cheap and it was quick, but then they can't support you because there's no margin in it [for them], so you've made the wrong decision. So, questions that you should be asking are, "What do you want from your supplier? Do you want price? Do you want products? Do you want service? Do you want

support? Do you want a good returns management process?" You want all these things. Because if something goes wrong then you need to send it back for repair or replacement and that can take months. So, you need to really find out, from that supplier, what they're going to do for you, based on what you need to provide your customers. That, to me, has always been so obvious when working with suppliers, yet so many people out there say, "Oh no, I couldn't be bothered with that. I'm going to buy those handsets for £5 cheaper from here or £10 cheaper from there," or whatever the device is. I just look at them. I mean, "Are you mad? I know the company you're thinking about going to work with and they've got a poor reputation for support. You might think that's okay, but when your customer's moaning at you, well, it's a different subject, isn't it?"'

All of this supports proposition 2, which states that *supplier flexibility positively impacts the price that a micro firm owner-manager will be prepared to pay*.

4.4.3. Make or buy decision

The participants in this study are resellers: '*[our] business is reselling … We couldn't start our own network; it wouldn't be cost advantageous to do that… it's taken [our suppliers] millions [of pounds] to create these phone systems'* (P6). Indeed, there would appear to be no formalised, planned buying strategy; instead, the buying requirements relate only to the customers with whom the micro firm is currently transacting: '*we get the product that best suits that customer's needs'* (P2). Similarly, (P9) stated: *'I did a deal last month for a customer that used a certain brand of [telephone system] and it's not something our engineers are trained on, so it just got farmed out to a company that we know well'.* This suggests that the micro firm borders on being a virtual enterprise in which the personal involvement in buying creates for the owner-manager a way to maintain and further develop personal and business relationships with current and potential suppliers, thus increasing their overall effectual means, which are subsequently applied to creating and fulfilling sales opportunities for their micro firm (Sarasvathy, 2009), thus supporting proposition 3, which states that *use of effectual means (including effectual buying) to create individual customer solutions so as to secure sales orders will positively promote effectual selling, which may, in turn, also lead to the further use of effectual buying.*

4.4.4. Use of effectuation leads to increased uncertainty

As aforementioned, an owner-manager of a micro firm may utilise an iterative process when engaged in buying and selling so as to match the needs of a customer with the capabilities of a supplier (Håkansson et al., 2009). This was articulated by P4: '*We were looking to provide a fully hosted system, but… they [wanted] tablets… a multimedia system. We don't provide that … I've had a look around [at our suppliers] to see if we can get that type of service, but it's not our* *main business'*. This suggests that the owner-manager appears prepared to deliver anything the customer may request, subject to being able to apply their effectual means to identify a supplier that offers the flexibility and backup to minimise risk to the point of affordability (McGowan, 2018). In short, the selling strategy appears to be effectual. This use of effectual selling appears to positively impact the ability of the owner-manager to win more business. Yet, effectual selling does appear to reduce the ability to forecast customer demand, thus preventing use of a formalised, causal, buying strategy. As needs are uncertain, an effectual buying strategy is required to meet the needs created by the effectual selling strategy. Thus, an iterative process develops in which effectual buying leads to the ability to engage in effectual selling, which, in turn, leads to an uncertainty of needs, thus requiring an effectual buying strategy, as illustrated in Figure 4.4.4-1.

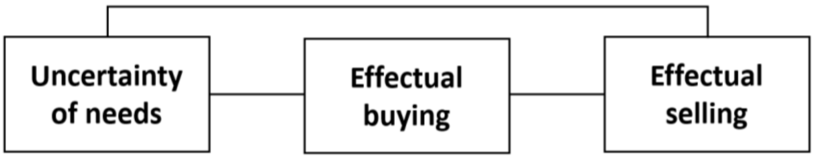

Figure 4.4.4-1: The impact of effectual buying and selling

While use of effectual logic is posited as a way to reduce uncertainty so as to enable an owner-manager of a micro firm to make decisions (Sarasvathy, 2009), the findings of this study suggest that using effectual logic to make buying and selling decisions appears to create, rather than reduce, the uncertainty experienced by owner-managers of micro firms.

4.5. Conclusion

This study considered the decision-making processes of owner-managers of established micro firms. Findings suggest that a micro firm owner-manager may apply effectual logic when making a buying decision (Sarasvathy, 2009); specifically, through the personal control of buying activities they develop effectual means through personal relationships with trusted suppliers (McGowan, 2018; Sarasvathy, 2009). Furthermore, it suggests that heuristics adaptation, reacting and code of conduct rules used by sales people (Guercini et al., 2015) appear to facilitate high quality relationships (Akrout & La Rocca, 2019; Casidy & Nyadzayo, 2019; Guercini et al., 2015), that are valued by owner-managers of micro firms as such relationships positively promote supplier flexibility, which is operationalised as the provision of support and backup that is applied to resolve problems should things go wrong. As the level of supplier flexibility minimises loss potential to that which is affordable (Dew et al., 2009), the owner-manager is therefore willing to pay more for the products and services that they buy (McGowan, 2018).

From an IMP perspective, this study further extends the findings of previous work into buyer-seller interaction (Agostini & Nosella, 2019; Casidy & Nyadzayo, 2019; Guercini et al., 2015; Håkansson et al., 2009) by identifying the importance of inter-personal relationships to owner-managers of micro firms and their recognition of the importance of suppliers to their ability to win new business and deliver to their customers' expectations (Håkansson et al., 2009). Indeed, it would appear that for the firms that participated in this study, their business model was so aligned with their suppliers that should a relationship fail, it could potentially cost them both short term business and impact their long term success (Håkansson et al., 2009). Yet, while the importance of long term supplier relationships appears to be understood and valued by owner-managers, they were not, however, willing to participate in long term contractual supply agreements. This suggests that owner-managers of micro firms recognise that they operate within a situation of uncertainty and, it would appear, that they do indeed apply the heuristics of effectuation (Sarasvathy, 2009; Welter & Kim, 2018), when determining buying decisions (McGowan, 2018).

Furthermore, application of effectual logic to buying decisions appears to positively promote use of effectual selling, thus enabling the owner-manager to match customer requirements in real time to that which they have or can access from suppliers. This creates an ongoing iterative process, in which effectual selling leads to effectual buying. In contrast to extant literature, which states that effectuation is a way to reduce uncertainty to a level at which a decision can be made (Sarasvathy, 2009), the findings of this study suggest that application of effectual logic to buying and selling decisions can instead create, rather than reduce, uncertainty.

4.5.1. Managerial advice

This study appears to show that use of effectual buying and effectual selling logics appears to increase, rather than reduce, the level of uncertainty experienced by the owner-manager of a micro firm. Accordingly, advice is directed toward reducing this uncertainty.

Effectual buying and selling appears to provide a micro firm the ability to engage with flexible suppliers so as to offer a heterogeneous array of products and services to its customers, thus promoting sales success. Yet, the lack of homogeneity of customer needs and requirement for supplier flexibility may well lead to overall costs greater than those that could be achieved if the micro firm specialised range of products and services and developed internal resources to deliver these to its customers.

Literature delineates between buying and selling activities; while these are opposite sides of a dyadic relationship, they are operationalised using different skills and techniques. None of the owner-managers who participated in this study had been trained in buying (Ellegaard, 2006; Ellegaard, 2009) or, perhaps more importantly, appeared to see the relevance of such training. Yet extant literature would suggest that planned and formalised casual buying (Adams et al., 2013; Seung-Kuk et al., 2009) by professional, trained buyers (Ellegaard, 2006; Ellegaard, 2009) would offer a range of business benefits. Similarly, from the perspective of selling, there is a significant body of literature that offers advice with respect to sales strategy and sales management that extolls the benefits of a more formalised, causal approach to selling (Cron et al., 2014; Johnston & Marshall, 2016; Panagopoulos & Avlonitis, 2010; Terho et al., 2015). It is, therefore, recommended that the owner-managers of micro firms consider how best to develop the skills and resources needed to implement a more causal, less effectual, approach to both buying and selling so as to reduce uncertainty.

Furthermore, it would appear that reliance on supplier flexibility has the advantage of reducing overhead costs and allowing a more effectual approach to selling. Yet this does suggest that the price paid for the products and services may be greater than could be achieved if said resources were available within the micro firm (McGowan, 2018). It is, therefore, recommended that owner-managers of micro firms calculate the cost of internal resources vs the extra that is currently paid to suppliers for their willingness to be flexible, as this will enable a more nuanced approach to buying to be adopted.

All this leads to the suggestion that while effectual buying and selling may appear to be an attractive strategy to an owner-manager of a micro firm, it should be approached with caution as it may create an ever-increasing cycle of uncertainty. Growth through effectual selling appears to necessitate an ever-increasing requirement for effectual buying. As the ability of the firm to deliver upon its promises to its customers is reliant upon its suppliers, unless sufficient resources are developed within the micro firm to protect against supplier failure, should such a failure occur, it may negatively impact customer satisfaction, future sales and have a potentially negative impact upon future growth (Håkansson et al., 2009).

4.5.2. Limitations

One limitation of this study is that it is based upon single interviews with a sample of owner-managers who operated established micro firms within the same industry. Furthermore, while findings appear to suggest the use of heuristics, by micro firm owner-managers, including some that appear to be similar to those in use by salespeople (Guercini et al., 2015), it may be that a deeper understanding of the phenomena may be achieved through use of ethnographic and/or more longitudinal methods of investigation (Guercini, 2019). Accordingly, findings and interpretations may not automatically be transferred to other organisational settings and future research should consider the methodological requirements for investigation of heuristics (Guercini et al., 2015).

4.5.3. Future research

This study has shown that, instead of planning for customer demand (Ivens & Pardo, 2007), it is through identifying the best supplier from the whole market and building contracted arrangements in which risk is transferred to the supplier (Seung-Kuk et al., 2009) that an owner-manager of a micro firm would appear to use their effectual means to match customer needs and supplier capabilities in real-time. The benefits and instinctive use of IMP interaction to align customer needs with supplier capabilities (Håkansson et al., 2009), appears to enable owner-managers of micro firms to sustain their businesses into the established phase (Oumlil & Balloun, 2017), suggesting that such processes are, to some extent, successful. Yet, with an average firm age of 14 years, it is surprising that these businesses have failed to grow beyond being classified as micro ("What is an SME?", 2005). This could, of course, be a function of the sampling strategy used for this study. However, it might be that continued use of effectual buying and effectual selling may, in fact, limit the ability of a firm to grow. This leads to a number of questions for future research. From a buying perspective, does using an effectual buying strategy, compared to a more formalised, causal one (Adams et al., 2013; Ivens & Pardo, 2007; Seung-Kuk et al., 2009), impact the ability of the firm to grow, or to develop new products and services, or to achieve other forms of differentiation so as to further develop a sustainable competitive advantage? Additionally, is it just micro firms that engage in effectual buying, or could it be that it is utilised by firms of other sizes? Considering effectual buying from the other side of the dyad, how do suppliers view firms that engage in effectual buying and how best can a supplier organise itself to take advantage of that market opportunity?

Effectual selling may also have an impact on the growth of a micro firm. Future research into the impact of effectual selling on growth, giving consideration to efficacy at different stages in a firm's journey from start-up to established, would be of interest. While in this study, micro firms were the primary focus, is or should effectual selling be used by firms of other sizes and, if so, is there is a point beyond which its continued use becomes detrimental to the overall success of the business?

Additionally, consideration could be given to investigating the impact of effectual buying and effectual selling on the end customer. Could a customer benefit from the ability of a firm to deliver everything they require through combined use of internal resources and their informal supplier network? Does effectual selling have any impact on the development of trusted relationships between the customer and seller? Finally, does effectual selling impact the ability of the supplier to close an order and, if it does, why?

Finally, as aforementioned, the way that owner-managers of micro firms talked about their decision-making processes when determining buying decisions, suggests that they use the bundle of heuristics contained within effectuation theory (Welter & Kim, 2018). Prior work with respect to the seller side of the buyer-seller dyad suggests that salespeople also use a range of heuristics when engaged in meetings with buyers (Guercini et al., 2015). Some, but not all of the heuristics used by salespeople were detected in this study (Guercini et al., 2015). This is unsurprising, as the heuristics used by salespeople was not the focus. Yet, it would be interesting to identify, then compare and contrast the heuristics used by salespeople against those used by micro firm owner-managers when determining buying decisions. Noting the methodological advice from Guercini (2019), consideration should be given to undertaking such work using longitudinal ethnographical studies.

The interview script associated with this paper is presented in Appendix A

4.6. Reflections on paper three

Paper three reported an empirical study into the use of effectual buying by owner-managers of micro firms. It found that they do indeed use effectual buying and this is coupled with effectual selling (McGowan, 2020b). The link between effectual buying and effectual selling came through very clearly in the empirical work. However, I am unclear about which construct depends upon which, or even if they are two separate constructs. I think this raises two questions that need further consideration. First, is effectual buying and effectual selling a strategy of choice or necessity? It may well be that the loss potential could be affordable for the micro firm. However, the owner-manager may be choose not to take the risk. This is a subtly different from that posited by effectuation affordable loss (Dew et al., 2009) in that it suggests that the owner-manager of a micro firm may choosing to use effectuation (Sarasvathy, 2009) instead of needing to use it.

Second, the data showed that the firms belonging to the owner-managers interviewed had been trading for an average of 14 years. I was surprised that after such a long time the owner-managers interviewed had failed to grow their firms beyond being micro. My practitioner experience taught me that one of the challenges of growing a micro firm is recruiting effective salespeople. I think that my findings in respect of the use of effectual buying and effectual selling provide some clues as to why hiring effective salespeople is a problem for owner-managers, thus being a potential barrier to micro firm growth.

Consider the situation of a new salesperson who joins a micro firm, in which the owner-manager is using an effectual buying and selling strategy. To be successful they must understand the way in which the owner-manager calculates loss affordability as well as gain accesses their supplier network. To achieve this the new salesperson will need to become socialised within their new organisation (Klein & Heuser, 2008). This is the process through which a newcomer learns how to perform their job role, the norms of their co-workers and their organisation (Nigah, Davis, & Hurrell, 2012). The objective is to orientate, educate, support and help the new salesperson feel at home (Klein & Heuser, 2008) and to demonstrate that the new salesperson has good job and organisation fit (van Vianen & De Pater, 2012).

Furthermore, selling uses physical and emotional energy. Job demands may be experienced through activities, learning and development, targets, goals and performance reviews (Albrecht et al., 2015). New salespeople face role ambiguity, role stress, activity control and outcome control and may counter these demands through selling effort and Adaptive Selling behaviour (Miao & Evans, 2013). Salespeople need to build Self-efficacy through learning (Knight, Mich, & Manion, 2014), develop Hope in the form of personal motivation to hit sales targets, Optimism to succeed and Resilience to bounce back from setbacks (Bande, Fernández-Ferrín, Varela, & Jaramillo, 2015).

Therefore, I suspect that to be successful in a firm where the owner-manager utilises a strategy of effectual selling, a new salesperson must develop a similar level of knowledge and skill to that applied by the owner-manager when effectual buying. Moreover, without such skills and knowledge they shall fail to either be effective in effectual selling, or be therefore reliant on the personal support of the owner-manager to engage in effectual buying on their behalf.

Such lack of direct control of their sales situation, with access to resources being beyond their sphere of influence, would therefore be a significant antecedent of salesperson failure (Friend, et al., 2014; Mallin & Mayo, 2006; Mayo & Mallin, 2010). Indeed, it holds the potential to become de-motivational (Khusainova, et al., 2018; Malek et al., 2018; Piercy, et al., 2014). Furthermore, such reliance on management is likely to be deemed by the owner-manager as a lack of competence (Malek et al., 2018).

Once taught to use effectual buying and effectual selling, a new salesperson might become a risk to the micro firm as to be successful they become aware of the margins between cost charged by suppliers and prices paid by customers i.e. an effectual seller takes responsibility for generating profits for their small firm. Possession of effectual selling and effectual selling ability might suggest to the salesperson that they are not simply an employee, but instead a self-selecting partner within the owner-managers micro-firm (Sarasvathy, 2009). While employee buy-in to firm objectives may positively impact performance, perceptions of partnership status could promote lone wolf tendencies (Locander, et al., 2015), inflated ego (Ingram et al., 2014), and potentially motivate the new salesperson to make unreasonable salary demands which are based upon profits generated instead of normal salary value for their role. Furthermore, the wherewithal to overcome resource restriction may entice the new salesperson to become an owner-manager of their own micro firm (Dew et al., 2009; Roach et al., 2016; Sarasvathy, 2009). Indeed, they may choose to become a potential competitor.

In summary, I believe that identification of the link between effectual buying and effectual selling has provided one clue as to why micro-firms consider finding and keeping good salespeople problematic. Furthermore, it may also provide an explanation as to why some micro firms fail to grow beyond the scale of revenue that can be generated personally by the owner-manager.

5. The dark side of effectuation in a KAM relationship

Statement of contribution

This paper was co-written by the candidate (60%), Dr Chris Simms (20%), Professor David Pickernell (10%) and Mr Konstantios Zisakis (10%). For details of individual contribution, please refer to the declaration of authorship section, on page iii.

Abstract

Purpose: The purpose of this paper is to consider the impact of effectuation when used by small firms within KAM relationships.

Design/methodology/approach: An exploratory longitudinal case study approach was used to examine a single small firm operating in the snack foods sector of the UK foods industry, as it entered into a new Key Account relationship with a major retailer and undertook 4 new product development projects.

Findings: Findings suggest that effectual logic may positively moderate the ability of a small supplier to enter into a KAM relationship by enabling it to obtain resources and limit risk. However, once within the relationship, the use of effectual logic may negatively impact success by increasing potential for failure to co-create new product development, leading to suboptimal products, thus impacting buyer confidence and trust. Furthermore, a failed KAM relationship may impact other customers through attempts to recover revenues by selling these products, which may promote short term success but, will in the long-term, lead to cascading sales failure.

Research limitations/implications: It cannot be claimed that findings of just one case study represent all small firms or Key Account relationships. Furthermore, the case presented specifically concerns buyer-supplier relationships within the food sector.

Practical implications: This study appears to suggest caution should be exercised when applying effectual logic to enter into a Key Account relationship, as reliance on effectual means to garner required resources may lead to production of a suboptimal products, which are rejected by the customer. Additionally, a large firm considering entering into a Key Account relationship with a smaller counterpart should take care to ensure their chosen partner has available all resources needed to successfully deliver as required, or be prepared to provide sufficient support to avoid production of suboptimal products.

Originality/value: Findings suggest use of effectual logic within a Key Account relationship has potential to develop a dark side within business-to-business buyer-seller relationships through involuntary breach of trust on the part of the selling party.

Keywords: Key Account Management, New product management, SME, Effectuation, Sales failure.

5.1. *Introduction*

It would appear axiomatic that failure to meet customers' expectations will lead to sales failure (McGowan, 2020). In the Business-to-Business (B2B) context, this is complicated by the gatekeeper role that the "customer" business plays, which often determines whether the final consumer is actually reached. To avoid this failure, Key Account Management (KAM) related literature recommends that products and services, and buyer-seller relationships, be adapted to address both buyer needs/problems, and final customer's expectations (Davies & Ryals, 2014; Weitz et al., 1986).

From a seller's perspective, KAMs relationship may drive innovation, relationship development and enhance access to senior management, leading to future planning that supports the development of sustainable competitive advantage (M. Kim & Chai, 2017; La Rocca et al., 2016). For the buyer, these activities may provide access to supplier innovation and additional resources that can be exploited. Moreover, by engaging in a KAM relationship, a buyer may also prevent a competitor gaining access to supplier innovation, thus securing a commercial advantage (Schiele, 2012).

The specific objective of many KAM relationships is to provide a deeper level of buyer and seller integration, which can lead to co-created innovative solutions and mutual value creation delivering greater and longer-term beneficial results (Davies & Ryals, 2014; Friend et al., 2014; Friend & Johnson, 2014).

This paper considers how use of effectuation in KAM relationships adds an additional dimension, which can exacerbate the potential for detrimental outcomes for the effectuating SME supplier. This is important because KAM relationships are usually the domain of large companies because they require a significant long-term commitment and investment (Ivens & Pardo, 2016). Indeed, the amount of resources required is a potential barrier that can prevent small firms entering into such a relationship.

Effectuation logic has been posited as one way firms can overcome resource restrictions and uncertainty (Sarasvathy, 2001b). Personal means (both possessed and acquirable), skills and knowledge are combined to create an opportunity or solution (Sarasvathy, 2009). The extant literature suggests use of effectual logic may positively impact inter-firm buyer-seller relationships (McGowan, 2018; Read et al., 2009; Sarasvathy, 2009), suggesting its application by a small firm could be appropriate and may facilitate entry into a KAM relationship and undertake New Product Development (hereafter NPD) activity with a larger firm (McGowan, 2018; Ortega et al., 2017; Sarasvathy, 2009; Wu et al., 2020).

While this may aid initial "collaboration between supply chain members [and] can become a key mechanism to reduce conflicts and foster teamwork, if taken to extreme, it can also inhibit the partnering companies' capabilities to effectively adapt to changing market needs" (Villena et al., 2011, p. 571), leading to a failure to co-create value (Chowdhury et al., 2016). Excessive experimentation may create competing innovations. This will negatively impact the ability of the firm to successfully innovate, potentially leading to either undifferentiated or overly radical products that customers do not understand. It will also deplete resources negatively and impact the firm's ability to undertake future market development (Morgan et al., 2015). Because effectuation can also lead to production of suboptimal products (in the sense of customer requirements), there is also potential for this behaviour to detrimentally affect the KAM relationship once entered into, particularly where NPD is directed by the larger firm customer. For example, while prior studies identified the usefulness of effectual logic when undertaking NPD (Ortega et al., 2017) in terms of promoting NPD speed, it may also negatively impact NPD quality (Wu et al., 2020).

This paper proceeds as follows. First it analyses the relevant literature. This leads to development of propositions that capture the influence of effectual thinking in a resource constrained SME who enters into a KAM relationship. A longitudinal single case study approach is presented with data from a single firm within the consumer-packaged foods sector. Findings have implications for managers within small firms when attempting to enter into a KAM relationship, and also for the KAM firms themselves when dealing with resource constrained suppliers who adopt effectual logic.

5.2. Background literature

Effectuation logic, as used in this paper is based upon five principles providing the framework for decision-making:

1. Means are the resources of "who I am", "what I know" and "whom I know" (Sarasvathy, 2001b, p. 78). They are called 'means' because they are readily available to the entrepreneur.

2. Partnership, which is the desire and ability to share both opportunity and risk in the venture (Sarasvathy, 2009), or to create new opportunity by recruiting a partner (Welter, Mauer, & Wuebker, 2016).

3. Leverage contingency, is the ability to welcome problems as opportunities and to change business direction to gain the best possible advantage.

4. Affordable loss, is the sum of time and money available that may be lost without causing the absolute failure of the venture (Sarasvathy, 2009). When faced with an investment decision from which the overall return on investment is unclear, a small firm owner-manager may choose to consider the downside of the decision, specifically the impact to the venture should the investment decision lead to a loss. With this in mind, affordable loss provides a useful lens through which an owner-manager of a small firm may be more able to commit to action if they know the risk is controlled, reduced to one that is affordable (Dew et al., 2009).

5. Control the controllable. The above principles provide different ways in which a decision can be determined. Yet, in situations of uncertainty the decision maker may not be able to shape or control everything that may impact their decision. Effectuation logic posits that the entrepreneur identify, then focus on the elements of the environment that can be partially or fully controlled (Sarasvathy, 2009).

Effectuation has been posited as one way firms can overcome resource restrictions and uncertainty (Sarasvathy, 2001). Personal means (both possessed and acquirable), skills and knowledge are combined to create an opportunity or solution (Sarasvathy, 2009). Extant literature suggests use of effectuation may positively impact inter-firm buyer-supplier relationships (McGowan, 2018, 2020b; Read, Dew, Sarasvathy, Song, & Wiltbank, 2009; Sarasvathy, 2009). This suggests its application by a small supplier could be appropriate and may facilitate entry into a KAM relationship and undertake New Product Development (hereafter NPD) to create sales opportunity with a larger customer (McGowan, 2018; Ortega, García, & Santos, 2017; Sarasvathy, 2009; Wu, Liu, & Su, 2020). Yet, effectuation is different to causal logic, which is more readily used in large firms (Sarasvathy, 2009).

While effectuation may aid initial "collaboration between supply chain members [and] can become a key mechanism to reduce conflicts and foster teamwork, if taken to extreme, it can also inhibit the partnering companies' capabilities to effectively adapt to changing market needs" (Villena, Revilla, & Choi, 2011, p. 571), leading to a failure to co-create value (Chowdhury, Gruber, & Zolkiewski, 2016). Excessive experimentation may create competing innovations (Morgan, Anokhin, Kretinin, & Frishammar, 2015). This will negatively impact the ability of the selling firm to successfully innovate, potentially leading to either undifferentiated or overly radical products that customers do not understand. It will also deplete resources negatively and impact the small supplier's ability to undertake future market development (Morgan et al., 2015).

Because effectuation by a small supplier can also lead to production of sub-optimal products (in the sense of customer requirements), there is also potential for this behaviour to detrimentally affect the KAM relationship once entered into, particularly where NPD is directed by the larger firm customer. For example, while prior studies identified the usefulness of effectuation when undertaking NPD (Ortega et al., 2017) in terms of promoting NPD speed, it may also negatively impact NPD quality (Wu et al., 2020). Therefore, consideration should be directed toward the impact of failed NPD processes on a KAM relationship and interaction between both selling and buying firms and their wider network (Hakansson et al., 2009; Håkansson & Snehota, 2006). This paper addresses this gap.

KAM is a dyadic relationship in which a buyer and supplier invest significant resource with the intention of developing a long term, mutually beneficial, trading relationship (Davies & Ryals, 2014; Homburg, Droll, & Totzek, 2008). To achieve success and avoid sales failure, asymmetrical outcomes (Chowdhury et al., 2016), perceived unfairness (Abosag, Yen, & Barnes, 2016) or conflicts of interest (Chung, Wang, Huang, & Yang, 2016), both parties need to identify opportunities offering genuine mutual benefit, commit resources. They should also accept that a KAM relationship may include risks which, to overcome, require trust to be developed (Davies & Ryals, 2014; Grandinetti, 2017; Heidenreich, Wittkowski, Handrich, & Falk, 2015).

The dark side of KAM relationships may include a relationship imbalance with inappropriate actions by either or both parties (Fang, Chang, & Peng, 2011) and with hostility, distortion, distrust and withholding information (Abosag et al., 2016; Grandinetti, 2017), relationship neglect, complacency and loss of objectivity (Frow, Payne, Wilkinson, & Young, 2011). This will create negative attitudes toward the relationship that may in turn develop uncertainty and will have the potential to lead to conflict (Abosag et al., 2016). In addition, trust and reciprocity may impact the decision-making process and this will create unwelcome obligations (Skinner, Dietz, & Weibel, 2014), which when applied to NPD could result in continuation of a project despite a marginal business case.

5.3. Theoretical Development identifying the antecedents of the dark side

Hitherto the study of KAM relationships has primarily focused upon those between large customers as resource requirements have been assumed to be a barrier to small suppliers entering into such a sales relationship (Ivens & Pardo, 2016). However, while a small supplier may lack resources (McGowan, 2018) entering into a KAM relationship may be made possible through use of effectuation (McGowan, 2020b). Effectuation theory contrasts with causal logic (which includes goal setting, prediction and planning) because it starts by considering available means and then follows an emergent process through which goals develop (Sarasvathy, 2009).

5.3.1. KAM resources

For a KAM relationship to be successful, both sides of the buyer-supplier dyad need to commit resources (Davies & Ryals, 2014). Therefore, it is imperative that appropriate resources, which may include those beyond original contractual terms (Meehan & Wright, 2011), are available and applied as required (Cambra-Fierro & Polo-Redondo, 2009; Morrissey & Pittaway, 2004, 2006). However, differing priorities (Meehan & Wright, 2011) and lack of flexibility (Fang et al., 2011) may lead to such resources being unavailable.

From a supplier’s perspective, resources may include management time to identify KAM opportunities and create a KAM culture; salespeople to build and sustain the relationship, products and services; and resources and investment to customise or adapt, then deliver the solution the buyer requires (Davies & Ryals, 2014). The adaptability demonstrated by the supplier and their organisation also impacts on the buyer’s perception of the partnership toward a mutually beneficial solution (Friend et al., 2014; Weitz et al., 1986).

From a buyer’s perspective, the objective of the relationship will be to provide a solution that can be purchased to add capability and/or value to the offer the buying firm can make to its own customers (Hakansson et al., 2009). However, due to resource restrictions (Ellegaard, 2006), it may be that small suppliers are unable to provide everything required by a large KAM buyer. Such a failure to deliver can be conceptualised as a breach of trust (Dasanayaka, Al Serhan, Glambosky, & Gleason, 2020; Mungra & Yadav Prabhat, 2019). While it is clear that relevant resources must be available to avoid this failure, the location and ownership of these resources may not be important to the relationship, as long as they are readily available when needed (Hakansson et al., 2009).

Prior literature does not look at implications of effectuation for small suppliers in KAM relationships, and there is also a dearth of empirical work on small firms generally in this area. Yet, effectuation appears to offer a way to overcome small supplier resource restriction.

Application of internal and external resources to adapt or customise products or services and/or create new versions or new products, plus any process or new knowledge that may be developed, can themselves also become new resources potentially exploitable both within and outside the KAM relationship (Sarasvathy, 2009). Causal logic suggests that products/services are developed and targeted toward the needs of clearly identified market segments (Cron, Baldauf, Leigh, & Grossenbacher, 2014; Panagopoulos & Avlonitis, 2010; Terho, Eggert, Haas, & Ulaga, 2015). In contrast, effectuation suggests once a product/service has been produced, the small supplier would endeavour to exploit it by identifying additional customers to whom it could be successfully sold (Sarasvathy, 2009). Consequently, the use of effectuation may provide a way for a small supplier to identify resources needed for a KAM relationship, leading to:

Proposition 1: Effectual logic enables a small firm to overcome resources restriction and therefore enter into a KAM relationship.

5.3.2.KAM-related NPD

Continued use of effectuation may, however, reduce the ability of a small supplier to successfully manage a KAM relationship over the longer term, particularly where it leads to failure to meet the expectations of a KAM partner, a breach of trust and relationship breakdown (Cambra-Fierro & Polo-Redondo, 2009; Dasanayaka et al., 2020; Morrissey & Pittaway, 2004, 2006; Mungra & Yadav Prabhat, 2019). The literature of sales and new product development links the needs of customers and the products/services that should be developed to meet them (Cooper, 2018; Ortega et al., 2017; Sarasvathy, 2009). Sales literature posits that salespeople use questioning techniques to identify what a customer may wish to purchase and they then aim to find a solution that meets those needs (Rackham, 1988; Weitz et al., 1986). Within a causal KAM relationship, this may extend to produce a co-created solution from an understanding of the market, and the customer’s current and anticipated needs (Cooper, 2018; Webb, Ireland, Hitt, Kistruck, & Tihanyi, 2011). Indeed, this leads to the suggestion that causal KAM can be considered an ends-based relationship in which resources are identified to meet defined needs (McKelvie, Chandler, DeTienne, & Johansson, 2019).

The use of effectuation would promote the use of market scanning to identify technological, environmental or regulatory changes that may impact the landscape (Webb et al., 2011). What is known by the people working in the small supplier, plus their network, are then used to identify more creative and less resource intensive opportunities (Sarasvathy, 2009; Webb et al., 2011). This suggests a KAM relationship is entered into between self-selecting partners who co-create solutions based upon the sum of their available means (McKelvie et al., 2019).

Once identified, small flexible experiments using readily available resources, both internally and accessed through partners, may be used to uncover new products/solutions taken to market quickly to test and iterate based upon customer feedback (Sarasvathy, 2009; Webb et al., 2011).

Using the effectuation principle of affordable loss, it may be possible to reduce potential losses to an acceptable level to the small supplier (Dew et al., 2009; Roach et al., 2016; Sarasvathy, 2009; Webb et al., 2011). This suggests the process used by small suppliers to create customised, adapted or new products may differ to those applied by large firms (Berends, Jelinek, Reymen, & Stultiens, 2014; Cooper, 2018; Leithold, Woschke, Haase, & Kratzer, 2016; Ortega et al., 2017; Webb et al., 2011).

While this process is well documented in the literature (Cooper, 2018), little attention has been applied to consideration of the outcome if the required resources are unavailable, particularly when a small resource limited supplier is in a KAM relationship with a larger customer. In this case, it is possible that the larger firm may require resources beyond the capability of the small supplier. This then requires a more effectual approach to be taken (Berends et al., 2014; Ortega et al., 2017; Webb et al., 2011).

Effectuation provides a lens through which decisions can be made under uncertainty (Sarasvathy, 2009). This suggests that application of effectuation to NPD is likely to have a positive impact on the outcome of NPD (Berends et al., 2014; Brettel, Mauer, Engelen, & Küpper, 2012; Ortega et al., 2017) in terms of volume and speed. It may, however, negatively affect the degree to which such NPD produces products that match customer requirements (Ellegaard, 2006; Friend et al., 2014; Mudambi, Schründer, & Mongar, 2004; Thakkar, Kanda, & Deshmukh, 2009). A lack of resources may also impact the ability of a small supplier to engage in radical innovation, restricting it to projects that can deliver incremental advances (Woschke, Haase, & Kratzer, 2017). In addition, resource restriction may further negatively impact the development of successful new products in a variety of ways, including “lack of market information, failing to listen to the customer, poor up-front pre-development homework, unstable product definition, poor quality of execution and poorly structured, ineffectual project teams” (Cooper & Edgett, 2003, p. 48), leading to:

Proposition 2: In NPD relationships within a KAM scenario, the use of effectual thinking is associated with the creation of new products by resource constrained suppliers. This in turn leads to the development of suboptimal solutions that risk rejection by the customer.

5.3.3. Impact of suboptimal NPD on buyer-seller relationships

Should a co-creation project either deliver a significantly lower return than expected, or fail completely, then this failure can promote feelings of embarrassment or guilt for either party (McGowan 2020a). Consequently, recovery or reacquisition of a lost KAM account may be harder than a more transactional buyer-supplier relationship (Heidenreich, Wittkowski, Handrich, & Falk, 2014). Justice theory suggests in buyer-supplier relationships, fairness is measured in terms of process, quality of interpersonal relationships and mutual respect, and outcomes (Liu, Huang, Luo, & Zhao, 2012) because failure to deal fairly may promote sales failure (Johnson, Friend, & Malshe, 2016). Therefore, mutual commitment of resources to a KAM relationship carries with it significant risk and requires mutual trust to avoid failure (Davies & Ryals, 2014; Friend et al., 2014).

From a supplier's perspective, risks include a KAM relationship taking longer and being more expensive to deliver results than anticipated (Cuevas, Julkunen, & Gabrielsson, 2015; Davies & Ryals, 2014). KAM accounts also tend to be expensive to service and, in some circumstances, due to power imbalances between small suppliers and large buyers, lead buyers to feel able to unfairly demand lower prices (Chowdhury et al., 2016; Liu et al., 2012).

This suggests KAM relationships carry greater risk for the supplier than the buyer. Conversely, power imbalances between buyer and supplier can be mitigated through relationships (Chicksand, 2015), while previous literature suggests that opportunism borne of buyer-supplier power differentials may be situational (Chicksand, 2015; Hingley, 2005).

In the UK food industry, for example, power is usually vested in a small number of large retailers who dominate the market (Hingley, 2005). Retailer power may include their ability to gate-keep the market by controlling product availability and exposure, for which the supplier may have to provide discounts, promotions, exclusivity, and very high service levels to get their product stocked and sold (Hingley, 2005). The formation of a KAM relationship may provide some form of protection against this opportunism (Chicksand, 2015; Hingley, 2005; Schleper, Blome, & Wuttke, 2017). To avoid relationship failure and enable commitment to the relationship, mutual trust must be developed and maintained so both parties are clear about the scope and purpose of the KAM relationship, including commitments made and mutual objectives set (Dasanayaka et al., 2020; Davies & Ryals, 2014; Grandinetti, 2017; Heidenreich et al., 2015; Mungra & Yadav Prabhat, 2019).

Trust therefore appears to be a prerequisite of relationship commitment and offers one way to potentially mitigate KAM relationship risks (Davies & Ryals, 2014; Grandinetti, 2017;

Heidenreich et al., 2015). Trustworthiness in a KAM situation may be determined as fair dealing (Liu et al., 2012), openly sharing information and not withholding material facts (Grandinetti, 2017), being relationship orientated and acting in each other's best interests (Friend et al., 2014; Guenzi, 2003; Guenzi, De Luca, & Spiro, 2016; Saxe & Weitz, 1982; Terho et al., 2015) because if either supplier or buyer abuses power and/or engages in opportunistic behaviour, this may constitute a breach of trust (Grandinetti, 2017). Trust may also be conceptualised as confidence (Ellegaard, 2009), developed through shared social experience, ethical alignment and mutual respect (Morrissey & Pittaway, 2004). When a KAM buyer considers trust in relationship to a new supplier, they may relate to the supplier's reputation and brand. As the supplier becomes more established, trust may take the form of their ability to deliver on their promises (Cambra-Fierro & Polo-Redondo, 2009; Morrissey & Pittaway, 2004, 2006; Mungra & Yadav Prabhat, 2019).

Conversely, trust may be considered to have been broken when co-created goods or services fail to live up to quality expectations (Mungra & Yadav Prabhat, 2019), deliveries are missed, or there is a breach of any other promise made by the supplier or buyer (Cambra-Fierro & Polo-Redondo, 2009; Morrissey & Pittaway, 2004, 2006). The most significant breaches of trust can impact the ability of the KAM buyer's firm to deliver on its promises to customers. When this happens, it may lead to a breakdown of the KAM relationship (Ellegaard, 2006; Mudambi et al., 2004; Thakkar et al., 2009). The need for products/services that live up to the buyer's and their customer's expectations (Friend et al., 2014), and the need for both parties to be fair and trustworthily, suggests that processes are needed to control risk and ensure trust (Arli, Bauer, & Palmatier, 2018; Davies & Ryals, 2014; Friend et al., 2014; Hakansson et al., 2009; Webb et al., 2011).

Large KAM customers tend to adopt a causal approach to predict, plan, control and avoid surprises (Ivens & Pardo, 2007). In contrast, effectuation would suggest the use of affordable loss to manage risk (Dew et al., 2009; Sarasvathy, 2009). Constraining investment in the KAM relationship to one that can be afforded, the small supplier is able to take on the risks associated with KAM relationship and keep them in check during the life of the relationship. Furthermore, effectuation can actually promote leveraging surprises, which can create new opportunities (Dew et al., 2009; Sarasvathy, 2009). Leveraging surprises may lead to the customisation or adaption of existing products for exploitation within the KAM relationship. However, if the large firm KAM buyer is using causal logic to predict, plan, control and avoid surprises (Ivens & Pardo, 2007), but the small KAM supplier is utilising effectuation (Dew et al., 2009; Sarasvathy, 2009), there may be a miss-match of decision-making logic

Hitherto, the impact of such miss-match of effectuation and causal logic within buyer-supplier relationships appears not to have been fully investigated. Yet, it holds the potential to lead to differing expectations and mutual disappointment. This can result in conflict and potentially lead to KAM relationship breakdown, leading to:

Proposition 3: Where the predilection of a small firm using effectual thinking to sell what can be developed using effectual NPD processes, instead of investing the resources required to make to meet identified market needs, this is associated with a negative effect on long term KAM success.

5.4. Method

An exploratory longitudinal case study approach was adopted (Eisenhardt, 1989; McKelvie et al., 2019; Yin, 2009) that examined a single small supplier operating in the snack foods sector of the UK foods industry. The company was chosen because in respect of their NPD activities it appeared to demonstrate the use of effectuation through experimentation with flexibility of process and outcome, and the management of loss potential to that which is affordable (Wu et al., 2020). This behaviour was evident both before and after a KAM relationship was established. This study follows the period in which the small supplier entered into a KAM relationship with a major UK retailer (here forward referred to as KAM partner). It focused on investigating the decision-making of the small supplier within three NPD projects subsequent to establishing this relationship, and also their implications on the relationship with the KAM partner and another key established retail customer (here forward referred to as Retailer B).

During the period of the study, the small supplier grew in terms of turnover and employees (FTE) by approximately 25%. While the UK registered company initially employed 16 individuals, this grew to 21 individuals. A notable proportion of the sales growth resulted from entering into the KAM relationship reported in this paper. However, as the relationship faltered, turnover and full time equivalent (FTE) staff fell back to pre-KAM levels. The business subsequently failed and entered into administration.

The rationale for selection of a longitudinal case study methodology was three-fold. First, McKelvie et al. (2019) argued that the longitudinal case study approach is probably the most well suited for studying effectuation. Second, case studies are well suited to the study of poorly understood phenomena because they use intensive analysis to identify issues and generate insights (Eisenhardt, 1989; Eisenhardt & Graebner, 2007), and are able to provide rich and detailed understanding that enable researchers to identify new theoretical relationships

(Edmondson & McManus, 2007; Eisenhardt, 1989). Third, case studies are well suited to understanding problems that consist of multiple and complex elements (Dodgson et al., 2008), and they can uncover how events evolve over time (Langley, 1999). The study of a single small suppler also enabled understanding of the dynamics that are present in a particular setting, which provides rich insights that are considered appropriate for theoretical generalisation (Eisenhardt, 1989; Flyvbjerg, 2006; Ruddin, 2006; Yin, 1994). This approach is particularly well suited to confirm or challenge a theory, represent a unique or extreme case, and to illustrate an interesting phenomenon that can provide important lessons (Sigglekow, 2007; Yin, 1994). By adopting a longitudinal case study approach, the small supplier was studied through 3 years of operation from 2015 to 2018. The longitudinal basis of this research avoids the limitations of studying cases on the basis of retrospective reports (Runyan, 1982). Indeed, methods applied respond to the call from McKelvie et al. (2019) for more longitudinal case study research to understand how effectuation works in real time, as well as understanding antecedents and outcomes of use of effectuation.

Analysis focuses on four embedded cases of new product development projects, hereafter called Pre-KAM, Case A, Case B and Case C (e.g. Yin, 2009; Eisenhardt, 1989). Each project followed a purposive sampling strategy, on the basis it was information rich with respect to the phenomenon of interest (Patton, 2002; Creswell and Plano Clark, 2011). Case A presents the first post-KAM brief presented to the small supplier by the KAM partner, hence considered of critical importance. The second case presented the small supplier with an opportunity to significantly increase sales through having its product stocked in a prime shelf position, near the checkouts within the KAM partner's stores. The final case concerned the replacement of a previously unsuccessful product and illustrates how the small supplier's prior failures (Cases A and B) impacted on this product's relative success. While perceived limits of this research design are acknowledged, it would appear it is well suited to providing new insights within this area of underdeveloped theory, and can also achieve analytical generalisation (Eisenhardt, 1989; Yin, 1994).

5.4.1. Case study data collection and analysis

The scope of data collection included the small supplier, the KAM partner (supermarket retailer), the company's second main retail customer (Retailer B, EU-wide firm), and two independent retailers (Retailers C and D). It was necessary to study each of these actors within the supply chain because it allowed a complete understanding of the research problem. *Figure 5.4.1-1* shows the relationships between the firms discussed in this case study.

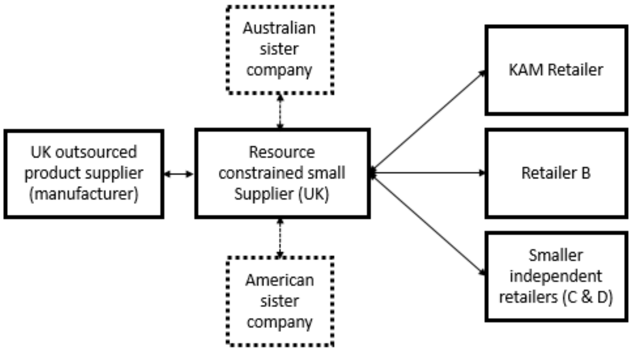

Figure 5.4.1-1: Relationships between firms

Data collection followed the guidelines given by Yin (1994), and Miles and Huberman (1994). Multiple sources of data were used to ensure triangulation (Eisenhardt, 1989; Yin, 1994). The main data collection method is interviews, with a total of 66 being conducted over the period of study. Within the company, interviews were conducted with senior management, other key personnel responsible for marketing, account management and product development. Additional interviews were also undertaken within each retailer. The interviews were undertaken at the interviewees' place of work. In addition, data was collected through attendance at monthly internal meetings between marketing, new product development and sales teams (36 hours); attendance at new product development and sales meetings with the retailers (6.5 hours); and presence at conference calls with Australian and American sister business units (SBUs) (3 hours). One member of the research team was also embedded within the organisation for two and a half years working alongside the senior management team. While this individual was closely involved in the projects described in the sections that follow, which further contributed to the detailed insights gathered, they did not have responsibility for or influence the decision-making processes described.

Initial interviews were conducted using a case study protocol (Yin, 2009). This consisted of set questions tailored to each interview, with departures from the structure permitted to allow new points and pertinent points to be explored. For subsequent interviews, questions were developed and elaborated as appropriate to explore pertinent issues and understand new facets of the embedded cases as they emerged (Nag, Hambrick, & Chen, 2007). Interviews typically lasted between one and two hours, and were recorded and transcribed. Notes were also taken during meetings. Interviewees are detailed in Table 5.4.1-1. Data analysis initially focused on individual cases. Interview transcriptions, were repeatedly reviewed to achieve familiarisation. Transcripts were analysed and examined to categorise, tabulate and recombine the evidence, with initial propositions used as a reference for analysis (e.g. Piekkari, Plakoyiannaki, & Welch, 2010; Yin, 1994). Utilising the propositions, pattern matching methods were used (Yin, 1994). Each embedded case was analysed by interpreting and comparing the empirical pattern to a predicted pattern. This process was first conduced within each case and then through a process of cross-case analysis. Matching patterns reinforces internal validity. Subsequently, explanation building was used to enhance analytical generalisation (Yin, 1994), with evidence interactively examined and each proposition reviewed. Analytical tables were used to ensure a chain of evidence. The emphasis of analysis was understanding both the effectuation occurring within each project and how this logic impacted on subsequent projects. Following an approach adapted from Kester, Griffin, Hultink, and Lauche (2011), recently highlighted for best practice (Goffin, Åhlström, Bianchi, & Richtnér, 2019), a summary of the analysis and contributions of this study alongside supporting evidence is presented within Appendix B (page 179).

Table 5.4.1-1: Interviewees

	Job Position	Number of Interviews
Small supplier: Snack Foods Brand Owner	I1) Chief marketing officer UK (joined 18 months into research project)	5
	I2) Head of marketing (left company 19 months into research project)	4
	I3) Chief executive officer UK	11
	I4) Chief operating officer UK	13
	I5) Former head of sales and sales agent for Retailer A (left company 21 months into research project)	6
	I6) Head of sales and key account manager for Retailer A (joined company 22 months into research project)	2
	I7) Key account manager for Retailer B	2
	I8) Former head of NPD (left company 30 months into research project)	12
	I9) Head of NPD (joined company 33 months into research project)	2
KAM Partner: Top three UK supermarket retailer, in terms of market share	I10) Head buyer snack foods category	2
	I11) Associate buyer snack foods category	1
	I12) Category manager responsible for snack foods	1
Retailer B: Leading European health food retailer	I13) Head buyer for snacks and sports nutrition	2
	I14) Marketing manager	1

Table 5.4.1-1: Interviewees (continued)

Job Position	Number of Interviews	Job Position
Independent retailer (C) with five stores	I15) Head buyer	1
Independent retailer (D) with four stores	I16) Buyer	1

5.5. Results

The case firm was a UK small firm with sister companies in the United States and Australia. Each business operated in relative isolation and had separate chief executive officers, although firms did share board members and the UK business imported its main product line from the American sister company's outsourced manufacturing partner. Since launching in the UK in 2008, the small firm operated in the healthy snack foods category of the packaged goods sector. In particular, its products competed in the 'healthy', 'free from', and 'vegan' sectors of the market. Almost uniquely within the sector, the product was not heated and thus retained a greater number of naturally occurring vitamins and minerals.

Although this small firm had attempted to enter into a top UK supermarket retailer a number of times since inception, it had been unsuccessful because of insufficient perceived demand and potential for sales growth. However, late in 2015, with growing sales in the 'healthy' and 'free from' categories, and following approximately five months of negotiation, the firm secured an account with a leading retailer. The new account was internally considered to be the firm's "most significant client to date, and the greatest opportunity for our sales growth since entering the UK… whilst we are pursuing the other top retailers, we think this firm provides us with the greatest opportunity for sales growth and customer reach" [I4].

Hence the small firm dedicated an account manager to the retailer, who closely monitored sales and further developed the subsequent relationship. The firm's detailed long-term plans to establish UK manufacturing (Project Case A) formed "a key piece in securing the retailer and providing additional security on supply, whilst providing us with the potential to maintain margins despite their requirements to participate in regular promotions" [I5]. Ultimately the small firm's investments alongside growth in sales in its core product line resulted in the firm being provided with three key opportunities to develop new products for the retailer (Cases A–C).

An overview of the cases is presented in Table 5.6-1 (page 129). [The data associated with this paper is presented in Appendix B on page 179 of this thesis]. The following section details the analysis of the initial development project to move manufacturing to the UK, which was key to entering into a KAM relationship, and the three new product development projects that subsequently occurred.

5.6. Discussion and theoretical contribution

Table 5.6-2 (page 130) shows the propositions and also the supporting evidence from the case studies. The following section will discuss and summarise this analysis for the three propositions. In addition, the analysis suggests that the use of effectual logic, when engaged in KAM-related NPD, may lead to the development of a dark side within the buyer-seller relationship that is created through misrepresentation of capability, which leads to the development of suboptimal products that are perceived by the KAM customer as a breach of trust.

Table 5.6-1: Overview of case projects

	Pre-KAM Case	Case A: Vegan product	Case B: 100 calorie snack	Case C: Bite size relaunch
Ultimate market launch date, by quarterly period	First Quarter 2017	Second Quarter 2017	First Quarter 2018	Second Quarter 2018
Project initiator	Opportunity to enter into KAM relationship with Top 3 UK retailer	Request from KAM partner to develop a vegan biscuit based on market data	Request from KAM partner to develop a smaller 100 calorie version of established product line of individually packed health product	Rejuvenation and relaunch of unsuccessful bite size product to meet established market demand
NPD Logic	Effectual logic: adopted to utilise resources of outsourced manufacturer and minimise investments in development of internal resources. Project emphasis recipe replication.	Effectual logic: to utilise American sister company's NPD alongside in an attempt to address brief whilst minimising investment and development time. Emphasis largely on existing ingredients with added spices to mask inherent flavour and spherical product shape.	Effectual logic: to repackage an alternative less-established product consisting of multiple small pieces in order to reach a 100-calorie target, as opposed to investing in redevelopment and new production for smaller version of established product	Causal logic: adopted to develop a new bite sized product using new ingredients to develop an appropriate product that would meet market demand
Partners involved in NPD project	American sister company and outsourced UK manufacturer	American sister company	Product manufacturer	Internal development, with ingredients suppliers
Acceptance by KAM partner & retailers	Accepted	Rejected KAM Limited retail success	Rejected KAM Discontinued shortly after launch	Rejected KAM Limited retail success
Relative Product Success	Project enabled successful entry into KAM retailer, alongside other retailers.	Following rejection by KAM partner, limited success in other established health food retailers.	Following rejection by KAM partner and large existing retail partners, limited success in independent stores and subsequently discontinued.	Retailers willingness to stock product, and thus sales, impaired by failure of prior products (both unsuccessful prior version and Cases A and B).

Table 5.6-2: Summary of analysis with supporting evidence and identification of contributions

	Proposition 1: KAM entry	Proposition 2: Effectual NPD	Proposition 3: Effectual selling	Dark side of effectuation (P4 new contribution)
Proposition	Effectual logic can enable a small firm to overcome resources restriction and therefore enter into a KAM relationship.	In NPD relationships within a KAM scenario, the use of effectual thinking increases the likelihood of creating of new products by resource constrained suppliers but also increases the likelihood of developing sub-optimal solutions which risk rejection by the customer.	The predilection of a small firm adopting effectual thinking to sell what can be developed using available resources instead of locating the resources required to make to meet identified market needs, in the longer term negatively affects KAM success.	Use of effectual logic that leads to the development of sub-optimal products may be viewed by customers as breach of trust. This in turn holds the risk of relationship breakdown.
Summary of supporting case study evidence	Pre-KAM Case: The small firm leveraged its sister company's product, outsourcing its manufacture to a UK firm, which enabled it to enter the supermarket and subsequently establish a KAM relationship. To develop products, the firm became more reliant upon its suppliers to undertake NPD activities.	Case A: The health food retailer experienced poor sales from the new savoury vegan range, developed by its American supplier based on existing ingredients. This led to the delisting of several products within the line, which were replaced by other less-established competing brands. The retailer complained to the brand owner that the product was not fulfilling the market's needs.	Case C: The KAM partner was concerned by the firm's prior sub-optimal and failed products, which impacted on the small firm's ability to get their new bite sized product stocked despite acknowledgement from the retailer of the potential market and improved product characteristics.	

Table: 5.6-2: Summary of analysis with supporting evidence and identification of contributions (continued)

	Proposition 1: KAM entry	Proposition 2: Effectual NPD	Proposition 3: Effectual selling	Dark side of effectuation (P4 new contribution)
Summary of supporting case study evidence (continued)		Case B: Health food and independent stores lack of interest in the one hundred calorie snack, based on a repackaged version of an existing product, subsequent to rejection by the KAM partner, resulting in the product being discontinued. Case C: The small firm struggled to get its new product adopted by both the new KAM partner and its established health food retailer, despite the previous version having been stocked by the latter. It also reported disappointing levels of interest in trailing the product among smaller stores was also reported.		Case A: Compromises to the design were accepted by the internal development team, despite recognition that this would not fully address the brief, to utilise the available resources. The rationale for this was to reduce costs and improve development speed. The product evolved from the firm's existing product line. Hence, it did not meet the supermarket's original brief in terms of flavours or shape. Thus, the supermarket retailer was unwilling to stock it. Case B: The supermarket retailer was interested a smaller version of the company's established product. Presenting the solution of several small bite sized pieces wrapped together did not meet this requirement, and it was seen to the retailer to fail to capitalise on the brand's successful product line within the potential high-volume store positioning on offer.

Table: 5.6-2: Summary of analysis with supporting evidence and identification of contributions (continued)

	Proposition 1: KAM entry	Proposition 2: Effectual NPD	Proposition 3: Effectual selling	Dark side of effectuation (P4 new contribution)
Proof quotes	Pre-KAM: “Shifting manufacturing to the UK, using the recipes from America, was a key step in enabling the continued expansion of our growth as we moved into the larger retailers.”	Case A: “Whilst the protein content had been increased, the taste is not what the customer is looking for in this kind of product. They are effectively looking for a healthy sweet snack.” [I8] Case B: “They believed a similar product packed in a rectangular flow wrap, a bit like a packet of nuts… would have been more desirable as a convenience offering… It was clear this impacted on their decision to reject the product. [discussing health food retailer]” [I7] Case C: “The problems with the prior product resulted in the retailer being less willing to stock it, despite acknowledging the improvements.” [I4]	Case C: “The buyer acknowledged that this seemed like a good product with a good market fit. But he was unwilling to trial it, due to the problems we had experienced with the product it replaced.” [I5]	Case A: “We were told they were too ‘curry like’ in the flavouring and were not really as biscuit… which was the original brief… We had a challenging meeting and the buyer questioned our decision-making.” [I2] Case B: “To develop a [brand name removed] to the specifications desired would have created a need for investments and complicated the production process… that led to our decision to use the imported [brand name of product removed].” [I2]

Table: 5.6-2: Summary of analysis with supporting evidence and identification of contributions (continued)

	Proposition 1: KAM entry	Proposition 2: Effectual NPD	Proposition 3: Effectual selling	Dark side of effectuation (P4 new contribution)
Link to extant literature	Working in partnership provides opportunities to share resources, create new products and access new markets (Ortega et al., 2017; Wu et al., 2020)	Effectual logic would suggest that the firm leverage contingencies (Sarasvathy, 2009). Thus, rejection of product by one customer is not necessarily a failure, if leveraged, it could open up opportunities to sell into a new customer base or market sector (Ortega et al., 2017).	Only access to resources is captured by the existing literature, whereas location of resources is considered to lack significance (Sarasvathy, 2009).	Effectual logic suggests that loss is constrained to that which can be afforded by the firm, this enabling a risk to be taken (Dew et al., 2009). Dark side of relationship may include unintentional breaches of trust (Oliveira & Lumineau, 2019).
Differentiation from the literature	While it is suggested that effectual logic enables resource restrictions to be overcome to enter a KAM relationship, there is a lack of empirical evidence to support this. Within our case study it was observed that the firm was able to utilise this method for relationship entry.	This study suggests that, in line with effectual logic, the attempt to recover resources previously depleted to produce a sub-optimal product through the further expenditure of additional resources, can lead to a tarnished company reputation. In turn, this can further deplete resources.	Our study reveals the importance of the location of resources, which is in contrast to the existing literature. A lack of resource control, as a result of manufacturing outsourcing, contributed to the acceptance of compromises by the effectual-led KAM partner. In turn, this led to the development of a sub-optimal product to be supplied to the retailer. These findings identify the need for users of effectual logic to achieve availability alongside gaining control over the key resources required.	The impact of trust and effectual logic has not been identified previously. This study suggests that effectual logic, leading to the development of sub-optimal products may be viewed by customers as breach of trust. This in turn holds the risk of relationship breakdown.

5.7. Discussion and theoretical contribution

Table 5.6-2 provides a summary of our analysis of the cases. In the first and second rows we present the three propositions presented within the literature review, alongside a fourth proposition developed from our findings. In the following two rows (3 and 4) we present a summary of the evidence from each case that is pertinent to each proposition, followed by proof quotes offering supporting evidence. Subsequently the table links this to the findings of prior studies (row 5) and then identifies how our findings are differentiated from those of prior studies (row 6). In doing so, the table identifies the new understanding provided by our study into the dark side of effectuation within the context of a small supplier's relationship with a KAM partner. Further case detail is provided in Appendix B (online).

The following section will discuss and summarise this analysis for the three propositions. In addition, the analysis suggests that the use of effectuation, when engaged in KAM-related NPD, may lead to the development of a dark side within the buyer-supplier relationship that is created through misrepresentation of capability, which leads to the development of sub-optimal products that are perceived by the KAM customer as a breach of trust (Mungra & Yadav Prabhat, 2019).

5.8. Theoretical contribution: The involuntary dark side of effectuation

This paper differs from prior work in that previous study of KAM relationships has primarily focused upon those between large firms, given that resource requirements have been assumed to be a barrier to small suppliers entering into such a sales relationship (Ivens & Pardo, 2016). In contrast, this study has specifically focused on what happens when a small resource constrained supplier enters a KAM relationship. Findings show that use of effectual logic has the potential to develop a dark side within business to business buyer-seller relationships through involuntary breach of trust on the part of the selling party (Oliveira & Lumineau, 2019). It has been possible to develop a conceptual model by using conceptual deduction (Meredith, 1993) and synthesising the findings of this study with literature pertaining to KAM, NPD activity and effectuation logic (Sarasvathy, 2009). This is presented in Figure 5.8-1. This highlights how sales failure can eventuate from effectuation, and also feedback negatively into future NPD processes and outcomes (as discussed in more detail later on). The following three sections analyse key findings with respect to the three research propositions, followed by discussion of how continued effectuation resulted in a breach of customer trust. This finding forms a key output of these case study findings.

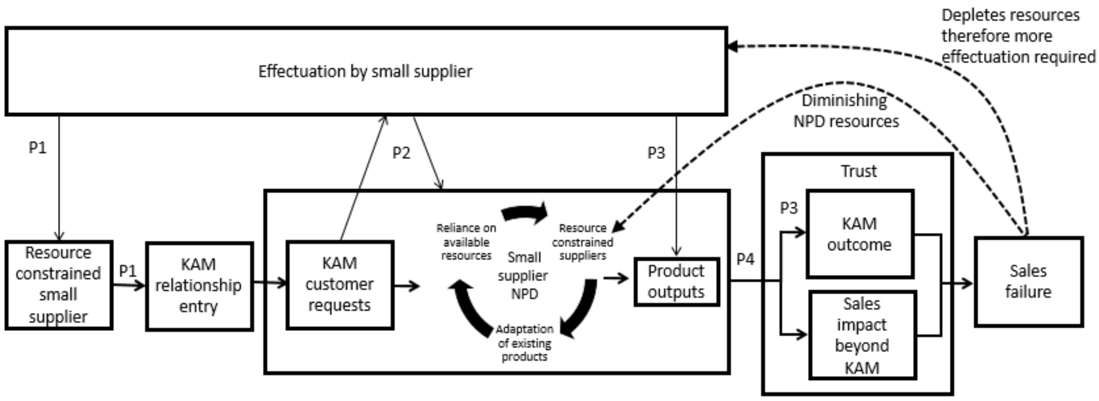

Figure 5.8-1: The impact of effectuation on customer trust and relationship outcome

5.8.1.KAM entry

In the first pre-KAM case, market and product needs were identified by the Key Account. The small firm leveraged its sister company's product, which it had previously imported from America, and it then outsourced its manufacture to a UK firm. This enabled the firm to enter the supermarket and subsequently establish a KAM relationship, without making a significant investment in new resources or creating new internal capabilities: "Shifting manufacturing to the UK, using the recipes from America, was a key step in enabling the continued expansion of our growth as we moved into the larger retailers…. This was a key step for us" [I2]. To develop products, the firm became reliant upon its suppliers for NPD activities because of its limited knowledge of the core product and production process. This suggests an effectual process was indeed used by the small firm supplier to enter into a KAM relationship, which supports the existing literature. Specifically, use of effectual logic to enable involvement in KAM-related NPD (Berends et al., 2014; Ortega et al., 2017; Sarasvathy, 2009) with (external) NPD resources accessed through effectuation means (Roach et al., 2016; Sarasvathy, 2009) and risk reduced through affordable loss (Dew et al., 2009), lends support to Proposition 1. The conceptual literature suggested that effectual logic can be used to overcome resource restrictions to KAM entry, and this case study provides empirical evidence of such use by a small firm.

5.8.2.Effectual NPD

In Cases A and B, the firm utilised its supplier's resources and attempted to adapt existing products they produced to meet the retailer's requirements. The SME lacked the resources to either internally develop new products using causal logic or outsource the development to ensure the retailer's requirements were fully met. Consequently, each product was rejected by the KAM retailer because they did not meet the requirements they had placed on the SME.

Following this rejection, in line with effectual logic, the small firm took the opportunity to recover resources by taking the same products to a different set of customers (Ortega et al., 2017). In Case A, the health food retailer experienced poor sales from the new savoury vegan range. This led to delisting several products within the line, which were replaced by other less-established competing brands. The retailer complained to the brand owner that the product was not fulfilling the market's needs: "Whilst the protein content had been increased, the taste is not what the customer is looking for in this kind of product. They are effectively looking for a healthy sweet snack" [I7]. In case B, other health food and independent stores were approached but lacked interest in the 100 calorie snack, resulting in the product being discontinued. For example: "They believed a similar product packed in a rectangular flow wrap, a bit like a packet of nuts… would have been more desirable as a convenience offering… It was clear this impacted on their decision to reject the product [discussing health food retailer]" [I2]. Case C demonstrated wider impact of developing suboptimal products, beyond a single project. The small firm struggled to get its new product adopted by both the new KAM partner and its established health food retailer, even though the previous version had been stocked by the latter. It also reported disappointing levels of interest in trailing the product among smaller stores. One interviewee stated: "The problems with the prior product resulted in the retailer being less willing to stock it, despite acknowledging the improvements" [I8]. These findings suggest that, in line with effectual logic, the attempt to recover resources previously depleted to produce a suboptimal product through the further expenditure of additional resources may have damaged the company's reputation, which can further deplete resources. These findings provide support for Proposition 2.

5.8.3. Effectual selling to a KAM partner

Cases A and B revealed that the application of effectual logic in fact led to development of suboptimal products. The firm focused on redeveloping and adapting existing products instead of investing in creating products that exactly met the requirements of the customer, resulting in compromises. Their desire to utilise existing resources was prioritised over addressing the customer's needs. For example, in Case B this precluded investments in new production equipment to create a product that met customer requirements. As the Key Account had set pre-determined product specifications and quality expectations, the offered goods were deemed inappropriate and were rejected. Furthermore, the supermarket retailer was concerned by the firm's prior failed NPD efforts, which had resulted in products that did not meet the original brief. This impacted on the small firm's ability to get their new product stocked, despite acknowledgement from the retailer of the potential market. For example, one interviewee discussed the KAM partner's response: "The buyer acknowledged that this seemed like a good product with a good market fit. But he was unwilling to trial it, due to the problems we had experienced with the product it replaced." [I5]. This lends support for Proposition 3.

5.8.4. Breach of trust

Findings of this study provide new understanding of the influence of the effectual logic employed in each project on trust between the SME and retailers. In respect of Case A, instead of developing a new product that fully met the requirements of the customer, an existing product was adapted to reduce costs. However, in doing so, the supermarket's original brief in terms of flavours or shape was not met. Hence, the supermarket retailer was unwilling to stock it: "We were told they were too 'curry like' in the flavouring and were not really a biscuit… which was the original brief." [I10]. Case B shows a similar tendency to use effectual logic to meet the customer's requirements (Sarasvathy, 2009). While presenting the solution of several small pieces of a different product wrapped together reduced the investment and development costs, it did not meet the brief. The retailer had intended to capitalise on the SME's well-known and established product line with a potential high-volume store positioning on offer: "To develop a [brand name removed] to the specifications desired would have created a need for investments and complicated the production process… that led to our decision to use the imported [brand name removed]" [I1]. The SME's unwillingness or inability to invest in a causal NPD process led to development of a suboptimal product, subsequently rejected by the Key Account. Case C details how products A and B, previously rejected by the Key Account and subsequently offered for sale to other customers, subsequently affected the firm's relationships. Specifically, the experiences of retailers in relation to Cases A and B developed effectually and in Case C contributed to the small firm struggling to get its new (causally developed) product adopted by both key retailers. This was despite the previous version having been stocked by the health food store. It also reported disappointing levels of interest in trailing the product among smaller stores. The sales team cited a lack of trust as a key factor that had negatively influenced their ability to get the new product accepted.

This leads to consideration of the efficacy of effectual logic. While extant literature provides support for its use by a small firm within a wide range of activities (Hauser et al., 2019; Roach et al., 2016; Sarasvathy, 2009), including NPD (Ortega et al., 2017; Wu et al., 2020), it would appear its use can be an antecedent to broken trust between buyer and seller. While the impact of trust in sales is well understood (Davies & Ryals, 2014; Grandinetti, 2017), it would appear that the apparent link between use of effectual logic and a resultant breakdown of trust within a KAM relationship has not previously been identified.

5.9. Conclusions and contributions

This study responds to a call by McGowan (2020b) to investigate the efficacy and limitations of the use of effectuation within buyer-supplier relationships. Findings show that use of effectuation can indeed enable a small, resource-restricted supplier to enter into a KAM relationship with a large retail customer. However, such use may lead to the misrepresentation of capabilities. Indeed, contrary to extant literature (Sarasvathy, 2009), our study reveals the importance of the location of resources as lack of resource control led to development of sub-optimal products and services. Given that a KAM relationship requires trust (Davies & Ryals, 2014; Grandinetti, 2017) and presentation of a sub-optimal product within a KAM relationship is deemed to be a breach of trust (Mungra & Yadav Prabhat, 2019), a more causal decision-making process may be appropriate when undertaking new product development within a Key Account Management relationship.

Furthermore, findings uncovered that continued attempts to recoup resources expended during KAM-based NPD activities through sale of rejected products to other customers failed, and in doing so the small supplier further damaged its relationships with retailer customers.

This created a cascading cycle of failure, in which each effectuation led development depleted the small supplier's resources, thus requiring more effectuation to acquire more resources. In short, using effectuation by a small supplier to produce a 'not quite good-enough' product may lead to repeated, increasing and cascading sales failure caused by an involuntary breach of customer trust.

As KAM is a dyadic relationship failure holds the potential to affect both parties and indeed, their wider network (Hakansson et al., 2009; Håkansson & Snehota, 2006). Accordingly, partner selection should include consideration of the decision-making logic of each party, as a miss-match in which one party uses effectuation while the other uses casual logic, may hold the potential for relationship breakdown.

This study therefore contributes to the stream of literature in respect of sales and NPD by providing a detailed study of the processes involved when a small supplier enters into a KAM relationship and undertakes NPD activity. While previous studies have focused on the benefits and risks associated with Key Account Management relationships, it would appear none have done so in the small supplier-large customer context, instead assuming they are the domain of large firms only (Davies & Ryals, 2014; Friend et al., 2014; Heidenreich et al., 2014). Indeed, from the perspective of small suppliers, there is a dearth of extant literature in respect of KAM (McGowan, 2020a). However, this study identified that effectuation may create situations in which a resource-restricted small supplier may unintentionally misrepresent their capabilities because of their confidence in their ability to access required resources at the appropriate time, which leads to buyer distrust.

5.9.1. Managerial implications

For small suppliers the managerial implications of the findings of this study make contributions in the small supplier-large customer KAM context. First by underlining the importance of listening carefully to the requirements of the customer and understanding how much variance is likely to be acceptable (Friend et al., 2014). Indeed when using an approach based upon effectuation, care should be taken by small suppliers to ensure sufficient and appropriate resources are available to meet the exact requirements because effectual NPD that leads to an ‘almost good-enough’ product being developed may be deemed to be sub-optimal by the customer and can potentially be rejected.

Second, considering the position of a small supplier that expended resources to produce a sub-optimal product, the further application of effectuation would suggest that because this is now what the small supplier has, it should be sold to recover expended resources (Sarasvathy, 2009). Assuming the product is safe and the small supplier deems it fit for purpose, this may appear a reasonable course of action. However, it would appear that attempting to sell these sub-optimal products may in the short term show some success but over the long term holds the risk of leading to broken buyer trust, negatively impacting long term buyer-supplier relationships (Mungra & Yadav Prabhat, 2019) and potentially impacting the small supplier’s overall success.

Of course, a KAM is a dyadic relationship, which suggests that both supplier and buyer are affected by the success. Therefore, for large customers the managerial implications also make a contribution in the large firm-small supplier KAM context. These include identifying an understanding that care must be taken when considering entering into a KAM relationship with a small supplier to ensure they possess the required resources and that they are readily available. This will avoid the need for effectuation to be applied to acquire the resources, which may negatively impact the ability of the KAM partner to keep their promises and deliver a successful project. If the project fails and the small supplier has heavily invested into it, this may create financial instability, which will have further negative consequences for the relationship. Therefore, managers of large customers considering a KAM relationship with a small supplier are advised to consider the resource requirements and how capable their potential partner actually is. If there is potential for significant returns but the partner does not have sufficient resources, then consideration should be given to supporting the small supplier to enable them to access what is required to successfully deliver the project.

For both small suppliers and large customers, there is therefore a need to consider the longer terms efficacy of effectuation, given that it would appear its use can be an antecedent to broken trust between buyer and supplier. This apparent link between use of effectuation and a resultant breakdown of trust within a KAM relationship has not previously been identified, and the use of effectuation in small supplier strategy would be a useful topic for initial large customer-small supplier discussions within a potential KAM relationship.

5.9.2. Future research and final comments

In addition to the contributions made and practical managerial implications, there are also a number of implications for future research. For example, could there be more tolerance for a failed NPD in the high technology sector? Future studies could also consider the impact of supplier maturity. In other words, does a small supplier “mature” in its thinking? And if it does, is that maturity reached in all processes at the same time? Additionally, could sales move to causal thinking while NPD continues to use effectuation? And, what impact would this have? These are all interesting potential future questions derived from this study.

The inevitable limitations of this paper also generate additional areas for future research. For example, it cannot be claimed that findings of just one case study represent all small supplier-large customer Key Account Management relationships. Such relationships exist within a wider and more complex business network (Hakansson et al., 2009; Håkansson & Snehota, 2006) than was readily accessible to the researchers, during the course of this study. Therefore, future research could beneficially consider the impact of miss-matched decision-making within a KAM relationship and how that may affect not only the actors directly involved, but also those of within wider business networks (Hakansson et al., 2009; Håkansson & Snehota, 2006). Furthermore, the case presented specifically concerns buyer-supplier relationships within the food sector, making future research in other sectors of importance to test the wider applicability of the results obtained in this study. In addition, while this paper focused upon the relationship between a small supplier and large customer, it would also be interesting for future research to consider the impact of effectuation when used by firms of differing sizes, to explore the relationship between effectuation strategies and firms size.

Via the research conducted, this study contributes new knowledge in the specific large-customer small supplier context. Specifically, the use of effectuation by a small supplier to facilitate entry into a KAM relationship with a larger customer, may lead to an involuntary breach of trust, subsequent attempts to recover lost resources through sales to other customers, leading to a cascading cycle of sales failure. This also makes a contribution to managerial practice in that the apparent link between use of effectuation and a resultant breakdown of trust within a large customer-small supplier KAM relationship, not previously identified, makes the use of effectuation in small supplier strategy a useful topic for initial large customer-small supplier discussions within a potential KAM relationship.

In terms of wider public policy, effectual buying and effectual selling clearly holds the potential to facilitate firm creation (McGowan, 2018), facilitating economic development in deprived regions and developing countries. Indeed, in respect of the current COVID19 crisis, small firms "are tasked with the driving economic recovery globally, in contribution to economic growth" (Beynon, Jones, & Pickernell, 2020, p. 15). The findings of this study suggest, however, that there is a continuum relating to the efficacy of effectuation with too little use leading to missed opportunity and too much use holding the potential for ethical transgression and growth restriction. Therefore, public policy needs to recognise this, so that a balanced view of its potential and limitations is given, to develop a better understanding of why, when and how to switch from effectual to causal decision-making logic, so as to avoid overall sales failure.

5.10. Reflections on paper four

Paper four reported a study into use of effectual selling by a small firm so as to enable it to enter into a KAM relationship. It identified that use of effectual selling can hold the potential for the firm to unintentionally breach customer trust. When effectuation is further applied, by leveraging opportunities to recoup resources (Sarasvathy, 2009), this can lead to cascading sales failure.

This link between effectuation and trust was surprising, as extant literature suggests that increasing resources and entering into partnerships (Sarasvathy, 2009) should enhance the ability of a supplier to meet its customers' needs. Yet, such behaviour was shown to negatively impact trust as in the case reported the goods failed to live up to customer expectations (Ellegaard, 2006; Mudambi et al., 2004; Thakkar et al., 2009) leading to relationship breakdown and sales failure (Guenzi et al., 2016; Wang & Huff, 2007). It seems to me that using effectuation to support making promised that may not be kept, is unethical selling behaviour (Bolander, Zahn, et al., 2015; Guenzi et al., 2016; Wang & Huff, 2007).

I am therefore, interested in understanding at what point effectual behaviour becomes unethical? A failure to act ethically is deemed by customers to be a firm level issue, regardless of whom in the firm is responsible for ethical transgressions (Bolander, Zahn, et al., 2015). Indeed, this is amplified if it is the owner-manager who is involved in the selling process as their actions really do reflect the ethical values of their firm. This suggests that care should be taken to ensure that when using effectual selling, the internal resources held by the firm, plus the ability and motivation of suppliers, is sufficient to avoid such pitfalls as missing deliveries, poor quality or unsatisfactory goods, etc. (Ellegaard, 2006; Mudambi et al., 2004; Thakkar et al., 2009). The lesson here would appear to be that using some level of effectuation to create opportunity may be ethical, providing promises made can be delivered. However, too much effectuation may lead to broken promises, customer disappointment and be unethical. Therefore holding the potential to negatively impact future firm success behaviour (Bolander, Zahn, et al., 2015; Guenzi et al., 2016; Wang & Huff, 2007).

6. Conclusions

The purpose of this study was to investigate the impact of effectual logic (Sarasvathy, 2009) on small firm buyer-seller relationships. The overall contribution in summary, is that whilst extant literature has hitherto identified use of effectual decision-making logic as an antecedent to positive outcomes (Sarasvathy, 2009), this study has identified negative consequences from such use by owner-managers of small firms, when determining buying and selling decisions.

It does this as follows. First, owner-managers of small firms do indeed use effectual logic when determining buying and selling decisions, effectual buying enabling the firm to overcome resource restriction and offer a wider range of products/services than it could otherwise provide. Second, such use of effectual buying, facilitates, or even necessitates, effectual selling (McGowan, 2018), enabling a small firm to offer a wider range of products/services to more customers, than it would otherwise be able to service, and may also enable a small firm to overcome resource restriction and enter into Key Account Management relationships with larger customers. Third, such use of effectual selling, however, holds the potential to negatively impact trust, an underpinning requirement for buyer–seller relationships (Davies & Ryals, 2014; Grandinetti, 2017; Heidenreich et al., 2015). Fourth, because a lack of trust is an antecedent to sales failure, each sales failure negatively impacts resources, creating a requirement for more effectual selling. Fifth, this leads to a cycle of cascading sales failure, such sales failure creating, rather than reducing, uncertainty.

This chapter proceeds with a summary of the conclusions reached in relation to this research. Contributions to practice with a brief discussion of past and future dissemination activities, followed by limitations and recommendations for future research are also presented.

6.1. RQ1: Sales failure

This study suggests that it is possible to succeed in selling, yet still to fail overall, both in relative and absolute terms. Additionally, while short-term success may be experienced, there may be longer-term negative consequences, leading to overall sales failure. Accordingly, a framework for the measurement of overall sales failure is presented in which consideration is given to the impact of failures of sales strategy, sales management and selling effort, as these combine to determine the level of overall sales failure that is experienced by an organisation.

Furthermore, while buying literature appears to have identified differences in buyer behaviour based upon firm size (Ellegaard, 2006; Ellegaard, 2009), this distinction seems to have hitherto been largely ignored by sales scholars.

6.2. RQ2: Effectual buying

Small firm owner-managers appear to make buying decisions differently to those of their larger counterparts (Ellegaard, 2006; Ellegaard, 2009; McGowan, 2018). Applying the principle of effectuation affordable loss to the buying situation may explain why some decisions made by small firm owner-managers appear more complex than can be explained by causal decision-making processes (Dew et al., 2009; Sarasvathy, 2009). This combination of uncertainty and consideration of loss affordability provides a new lens through which to consider the operational decisions made by owner-managers of small firms.

From a theoretical perspective, the conceptual model presented in Figure 2.3.7-1 (Paper 2, page 58) and further extended in Figure 4.2.6-1 (Paper 3, page 96), links essential factors for small businesses and better delineates the effectuation principle of affordable loss (Dew et al., 2009; Sarasvathy, 2009), internal resources and supplier adaptiveness (Weitz et al., 1986), while operating under conditions of uncertainty. Affordable loss has previously been associated with entrepreneurial venture creation-related decisions (Dew et al., 2009). Yet, this study has shown that it could also be fundamental to small firm owner-manager buying decisions. Moreover, use of effectual buying appears to lead to the use of effectual logic when engaged in selling activity (Dew et al., 2009; Sarasvathy, 2009). However, in this situation, effectuation does not appear to enable the owner-manager to overcome uncertainty, instead it would appear it contributes to developing more.

6.3. RQ3: Effectual selling

This study further investigated the outcomes when effectual logic is applied to selling. It determined that effectual logic does indeed provide the wherewithal for a small, resource-restricted firm to enter into a Key Account relationship. However, such use appears to carry the risk that the seller misrepresents its own capabilities, which in turn may lead to the development of suboptimal products and services. This in turn may be viewed by the KAM customer as a breach of trust.

As, to be successful, a KAM relationship requires trust (Davies & Ryals, 2014; Grandinetti, 2017). Yet, presentation of a suboptimal product within a KAM relationship is deemed a breach of trust. Therefore, a more causal decision-making process may be more appropriate when undertaking new product development within a KAM situation. Furthermore, continued attempts to recoup resources expended during KAM-based NPD activities, through the sale of the rejected products to other customers, appears to fail, and in doing so, further damages the firms' relationships with its customers. This creates a cascading cycle of failure, in which each effectually led development depletes resources, thus requiring more effectual logic to acquire more. In short, using effectual logic to produce a 'not quite good enough' product, may lead to repeated, increasing and cascading sales failure.

6.4. Implications for Public Policy

As this study has shown, effectuation (Sarasvathy, 2009) has limitations when used in respect of buyer-seller relationships. These limitations may offer clues about how to improve public policy in relation to government support for small firms and economic development through enhanced entrepreneurial education.

Public policy in the United Kingdom and European Union positively promotes the award of a fair share of public sector contracts to small firms (Nicholas & Fruhmann, 2014). Yet, the success of this policy appears unclear (Nicholas & Fruhmann, 2014). Indeed, the liability of smallness, cost and time to bid and overheads to service public contracts are all cited as potential reasons why small firms either do not engage or, when they do, often fail to win business (Nicholas & Fruhmann, 2014). However, the findings of this study suggest incompatibility between causal procurement processes and use of effectual buying and effectual selling by owner-managers of small firms might explain the lack of success of current policy.

Public procurement contracts are designed to avoid ambiguity of supply, requiring potential suppliers to declare available resources and confirm their ability to deal with problems arising, including rectification of underperformance and management of potential losses (Flynn & Davis, 2016). The use of effectual selling to mitigate loss potential through effectual buying may provide the wherewithal for a small firm to bid for, win and enter into a public procurement contract (McGowan, 2020b). However, as shown in this study, the outcome of effectual buying and effectual selling may not be the product or service as originally envisaged or specified by the buyer. On one hand, as shown in the case study report herein, this might be perceived by the buyer as provision of a suboptimal product or service. Alternatively, it might be deemed an innovation. While it may be that policy to support awarding contracts to small firms may benefit innovation (Saastamoinen, Reijonen, & Tammi, 2018), public procurement policy requires clarity about when such innovation may be desirable (Uyarra, Zabala-Iturriagagoitia, Flanagan, & Magro, 2020) and when not meeting exact standards would be seen as a supplier failure. Furthermore, when innovation is explicitly required, tolerance of failure with options to minimise loss to that which is affordable for the small firm supplier, will need to provide for within purchasing contract terms.

The decision to use effectual buying and effectual selling (McGowan, 2020b) may be a strategy of choice, rather than one of necessity. It may well be that an owner-manager can afford such loss. Yet, they may deem it sensible to avoid it effectual buying and effectual selling and might consider it to be good business practice. However, care should therefore be taken to avoid unethical behaviours by ensuring that the internal resources held by the firm, plus the ability and motivation of suppliers, is sufficient to avoid such pitfalls as missed deliveries, poor quality or unsatisfactory goods or services (Ellegaard, 2006; Mudambi et al., 2004; Thakkar et al., 2009).

The potential negative consequences of ethical transgressions caused by effectual buying and effectual selling would appear to make recruitment of salespeople problematic for a small firm. To become successful a new salesperson must develop the skills, knowledge and enter into the supplier networks as held by the owner-manager to be able to make deliverable and ethical proposals to buyers.

Effectual selling may negatively impact firm growth as once a new salesperson has been trained, they become exposed to the financial aspects, including loss mitigation (McGowan, 2018). Accordingly, they hold knowledge of order and customer profitability. Such knowledge may promote consideration of self-selecting stakeholder status (Sarasvathy, 2009) with feelings of partnership within the owner-manager's small firm. This may lead to demands for profit related compensation, which might exceed the compensation associated with a salesperson for their industry. Moreover, knowledge of effectual buying and effectual selling holds the potential to provide a new salesperson the wherewithal to run their own small firm. Indeed, once confident in their ability to engage in effectual buying and effectual selling, the new salesperson may decide to leave and setup their own firm, potentially as a competitor to the owner-manager's firm.

Effectual buying and effectual selling clearly holds the potential to facilitate firm creation (McGowan, 2018). This holds the potential to facilitate economic development in deprived regions and developing countries. Indeed, in respect of the current COVID19 crisis, small firms "are tasked with the driving economic recovery globally, in contribution to economic growth" (Beynon, Jones, & Pickernell, 2020, p. 3).

Scholars have directed attention to the efficacy of such entrepreneurship activity in third world countries with the importance of networks, supply chain and trust identified as important (Newbery, Siwale, & Henley, 2017) and challenges including resource restriction, scale and access to finance (Xu & Dobson, 2019). Use of effectual buying and effectual selling would therefore offer a way to overcome such challenges (McGowan, 2020b).

As aforementioned, the findings of this study suggest that there is a continuum relating to the efficacy of effectuation with too little use leading to missed opportunity and too much use holding the potential for ethical transgression and growth restriction. Therefore, if effectuation is to be taught, educators need to ensure that students are given a balanced view of its potential and limitations. They should teach why, when and how to switch from effectual to causal decision-making logic, so as to avoid overall sales failure.

6.5. Contributions to practice

The impact of sales on the overall success of a company (Cova et al., 2000; Korschun, 2015) suggests that the findings of this study will be of interest to practitioners and the wider sales education community. Accordingly, during the course of this study relevant interest groups were engaged with, to both disseminate the findings as they became available and, to garner feedback. A summary of dissemination activity through academic conference and practitioner events and publications is presented in Table 6.5-1

Table 6.5-1: Dissemination activities

Date	Event / organisation	Activity & topic
June 2017	Sales Educators Academy conference	Presentation in respect of sales failure paper
June 2017	Postgraduate research conference (University of Portsmouth)	Presentation in respect of sales failure paper
September 2017	Journal of sales transformation	Article published in respect of effectual selling
February 2018	University of Portsmouth, Business Research and Services office (BRSO) event for local businesses	Presentation in respect of small firm buying and selling
June 2018	Sales Educators Academy conference	Presentation in respect of effectual buying
June 2018	Sales Performance Association - full day workshop.	Workshop in respect of sales failure and effectual buying and selling. Subsequently members of the SPA have adopted a qualitative questionnaire based upon the McGowan (2020) study
February 2019	University of Portsmouth, BRSO event for local businesses	Panellist for a Q&A session
June 2019	Sales Educators Academy conference	Presentation in respect of effectual buying and selling
April 2020	Sandler training podcast	Podcast interview about overall sales failure, effectual buying and effectual selling
Date to be agreed	Sales Performance Association	Webinars: Overall sales failure Effectual buying and selling

6.5.1. Sales failure topology

In June 2017 the initial findings of McGowan (2020) were presented to the Sales Educators Academy (SEA) at its annual conference. The SEA is a worldwide body of academics, who specialise in teaching sales and sales management within Higher Education institutions. Delegates appreciated the creation of a topology and made further suggestions for inclusion. The updated framework was subsequently presented to the Sales Performance Association (SPA), which is a UK-based organisation, comprising some 50+ independent sales training consultants. Again, the response was favourable and further areas for investigation identified. This work to widen the scope of the topology was presented in the final journal article and re-presented to both annual conferences the following year.

Additionally, work with the SPA has continued. The final topology has been translated into a qualitative self-assessment tool, which has been adopted by some members of the SPA. The self-assessment toolkit is used by SPA members' clients, as it provides a comprehensive framework that can be used to help their client identify areas of real or potential sales failure and therefore determine a scope of remedial work. Future work with the SPA is planned, to extend the scope of this self-assessment tool. A project to further validate and create a numeric measurement scale, with an online tool is currently under discussion. At the time of writing it has not been decided whether this work will be undertaken by the SPA or as part of future academic research.

6.5.2. Effectual buying and selling

Early work to develop the concepts of effectual buying and selling was presented to the *Journal of Sales Transformation*. This is a commercial journal that includes both academics and practitioners within its readership. An article was written by Dedrie Colman, an in-house journalist, which documents the ideas in relation to the construct of positive selling (now known as effectual selling). This discussed teaching salespeople to think about wider entrepreneurial aspects when talking to a customer, so as to create revenue opportunities for both businesses (Sarasvathy, 2009).

Further work to disseminate the concepts of effectual buying and selling took place through two events that were run by the University of Portsmouth, for local businesses. At the first event, a presentation was made in respect of effectual buying and selling. At the other, the topics were discussed within a panel question-and-answer session. The delegates of both events appeared to find the information of interest and one company has subsequently connected with the university in order to access further information and advice in respect of their sales and marketing activities.

6.5.3. Future planned activities

Further dissemination activities with the SPA and Sandler (www.sandler.com), a large sales training organisation, are due to start in the summer of 2020. An introductory podcast has been recorded and will be circulated to all current and potential clients of both organisations during summer 2020. A series of webinars, with one focused on overall sales failure and one on effectual buying and selling, are also due to be scheduled.

6.6. Limitations

This study has of course its limitations. One of the challenges encountered in the development of Paper 1 was the search method used to conduct the systematic literature review. Another was the specification for paper selection. It could be argued that different criteria could produce differing results. With that said, a considerable number of papers and the quality of Journal in which they were published suggests that the review was indeed comprehensive. However, the review of topics produced a vast corpus of potential studies that used a wide array of research methods. The broad array of research methods represented made it difficult to produce direct data comparisons.

The study reported in Paper 3 is based upon a sample of owner-managers who operated established micro firms, within the same industry. Accordingly, findings and interpretations may not automatically be transferred to other organisational settings. Furthermore, the subjective nature of qualitative research may prevent the finding of this study from being generalisable (Bryman & Bell, 2015).

With respect to the study reported in Paper 4, it cannot be claimed that from just one case that the findings represent all small firms or Key Account relationships. Furthermore, the case presented specifically concerns buyer−supplier relationships within the food sector. It is, however, suggested that the findings open new and interesting areas for future research.

6.7. Future research plans

Based on the findings of this study, it would appear that there is the opportunity to further investigate the failure of sales constructs, (strategy, salespeople and sales management), overall sales failure, use of ICT, effectual buying and effectual selling. Furthermore, it would be interesting to do so from with consideration given to firm size on each side of the buyer-seller dyad.

6.7.1. Further consideration of firm size in future buyer-seller related research

While buying literature appears to have identified differences in buyer behaviour based upon firm size (Ellegaard, 2006; Ellegaard, 2009), this distinction seems to have been largely ignored by sales scholars. Although no one standard definition of firm size exists (Reynolds et al., 2005) if the micro, small, medium and large firms definitions, as used by the European Commission ("The new SME definition", 2016), were to be adopted to delineate from large firms, then 16 combinations of the buyer-seller dyad could be considered in future research. It is therefore recommended that when future research is conducted into buyer-seller relationships, consideration is given to the relative firm sizes under investigation as this may lead to more nuanced findings.

6.7.2. Future research into the failure of sales strategy

There would appear to be a dearth of extant literature in respect of small firm selling activity, specifically considering the impact of resource restriction. While the decision-making logic used by owner-managers was considered as part of this study, a more granular investigation is required into how resource restriction affects sales techniques and organisation of the sales force (i.e. sales management). Considering small firms from the buying side of the dyad, while it is claimed small firms could be segmented and managed as transactional customers (Sharma, 2007) if the owner-manager is using a different form of logic to determine their buying decision (McGowan, 2018), is this an appropriate response by the seller? This difference in perspective from the buyer side of the dyad suggests that further research in this area is needed.

Furthermore, the construct of firm size could be considered in two ways: first, how to sell to small firms and, secondly, which strategies small firms themselves should use. Questions may include: Do small companies wish to use different channels through which to buy? Which channels offer the best potential and are most cost-effective when servicing small firms? Does the size of the firm make a difference to the strategy and channels that could or should be used? What are the options, antecedents to success and detriments that may affect a selling firm, based upon its size?

6.7.3. Future research into failure of salespeople

In respect of research into the performance of salespeople, it would appear that, to date, scholars have primarily used samples that include people currently in a sales role. Yet, to fully understand sales failure, it may be that people subsequently change company, but stay in a sales role, or transition into one that does not require selling skills. With this in mind, future research could perhaps consider focusing studies on salespeople who have moved company following a failure or have transitioned into another sort of role. Questions for future research may include: Does failure in one selling role lead to subsequent failure in another company? Does the attribution of failure made by the salesperson (A. L. Dixon et al., 2001) change post-failure in a sales role? If a failed salesperson transitions to a new, non-sales role, does previous selling experience impact their future success? Are any roles particularly suitable for a failed salesperson? Is there any silver lining for the salesperson who fails? For example, does experiencing failure in a sales role develop emotional intelligence or psychological capital?

Almost everybody has been impacted by the dramatic changes in ICT that have occurred in the last 20 years or so (Fensel et al., 2014). Yet, while there has been considerable attention paid to customer relationship management software (CRM), technology readiness and adoption models, and some attention paid to the use of platforms (e.g. LinkedIn, Twitter, Facebook, Skype and WebEx) (Khusainova et al., 2018), it would appear that little attention has been paid to the impact of such technology in respect of buyer–seller relationships. The impact of constant connectivity with the potential for an always-on culture could well impact both sides of the dyad. This raises a number of interesting questions for future research, including: How do salespeople and their managers effectively use the aforementioned ICT and Instant Messaging (IM) tools (e.g. WhatsApp, WeChat and Slack) within their organisations? What are the antecedents, detriments and consequences of using IM to communicate with customers? Are buyers already using IM tools and, if so, what are salespeople's expectations of the use of said tools? What are the impacts in respect of motivation, stress and propensity to stay or leave a sales role? Are there any legal implications for individuals or organisations? Furthermore, does firm size affect adoption of ICT/IM tools, e.g. is adoption easier in a small firm situation and can they find competitive advantage through the use of such tools or is ICT/IM of more use to a larger firm?

6.7.4. Future research into failure of sales management

Sales management generally appears to be a very under-researched topic (Dubinsky, 1999; Dubinsky et al., 2001). Building on the framework of skills required (Powers et al., 2014) and typology of activities (Plank et al., 2018), there would appear to be opportunities to further investigate all of the sales management activities identified in this study. Literature in respect of sales management evaluation, specifically the ability and training of a sales manager, appears to be lacking. Considering the impact that a sales manager can have on the success or failure of the overall sales organisation this would appear to be an area in urgent need of attention (Plank et al., 2018). Moreover, and as previously mentioned, the use of ICT/IM tools has the potential to significantly change communication between manager and salesperson as well as between buyer and seller. Additionally, four areas of sales failure in respect of sales managers were suggested at both the practitioner and academic conferences but not included in this paper due to a lack of extant literature. These are: lack of credibility, lack of vision, inability to manage upwards and weak decision-making. These four topics appear to be under-researched in this context, suggesting that future research would be of considerable interest to academics and practitioners alike.

6.7.5. Future research into overall sales failure

Future research into the proposed framework for the measurement of overall sales failure could be conducted to investigate how the variables of sales strategy, sales management and sales effort combine to promote sales failure. Attention could also be directed to further identifying sub-constructs and any inter-relatedness in the form of moderation or mediation. Furthermore, at this stage it would appear that all three variables of sales strategy, sales management and selling effort are relevant. Future work could also be directed towards determining whether the contribution of each construct is of equal importance or if a weighted measure is required.

The overall impact of ICT could be further explored. Questions could include: Does firm size or ICT directly or indirectly impact sales strategy, sales management or selling effort? If so, do they affect each element equally? Furthermore, does the size of the firm determine the speed of ICT adoption? Is ICT adoption by salespeople, situation-specific, e.g. related to the industry sector, geography or age of the salesperson/customer? Additionally, considering the size of the firm and the overall impact of sales failure upon it, to what extent does one failure impact future failures? Does speed of failure determine future outcomes? Does firm size impact reacquisition of lost sales?

6.7.6. Future research into effectual buying

This study has shown that, instead of planning for customer demand (Ivens & Pardo, 2007), identifying the best supplier from the whole market and building contracted arrangements in which risk is transferred to the supplier (Seung-Kuk et al., 2009) an owner-manager of a micro firm would instead appear to use their effectual means to match customer needs and supplier capabilities in real time.

The benefits and instinctive use of IMP interaction to align customer needs with supplier capabilities (Håkansson et al., 2009) appears to enable owner-managers of micro firms to sustain their businesses into the established phase. This suggests that such processes are, to some extent, successful. Yet, with an average firm age of 14 years, it is surprising that the firms studied have failed to grow beyond being classified as micro. This could, of course, be a function of the sampling strategy used for this study. However, it might be that continued use of effectual buying and effectual selling may, in fact, limit the ability of a firm to grow.

This leads to a number of questions for future research. From a buying perspective, does using an effectual buying strategy, compared to a more formalised, causal one (Adams et al., 2013; Ivens & Pardo, 2007; Seung-Kuk et al., 2009), impact the ability of the firm to grow, or to develop new products and services, or to achieve other forms of differentiation so as to further develop a sustainable competitive advantage? Additionally, is it just micro firms that engage in effectual buying, or could it be that it is utilised by firms of other sizes? Considering effectual buying from the other side of the dyad, how do suppliers view firms that engage in effectual buying and how best can a supplier organise itself to take advantage of that market opportunity?

6.7.7. Future research into effectual selling

The findings of this study further contribute to the stream of literature in respect of sales by providing a detailed study of the processes involved when a small firm enters into a KAM relationship and undertakes NPD activity. Previous studies have focused on the benefits and risks associated with Key Account relationships but have done so assuming that they are the domain of large firms (Davies & Ryals, 2014; Friend et al., 2014; Heidenreich et al., 2014). Indeed, from the small firm perspective, there is a dearth of extant literature in respect of KAM (McGowan, 2020).

Much has been written about the potential for effectuation to positively impact the ability of a small firm to access additional resources and limit loss generally, thus enabling the firm to take on larger opportunities, grow and prosper (Dew et al., 2009; Roach et al., 2016; Sarasvathy, 2009). Yet, the findings of this study show that there may be limits to effectual logic, and that usage thereof may produce negative consequences. Specifically, that effectual logic may create situations in which a seller may unintentionally misrepresent their capabilities due to their confidence in their ability to access required resources at the appropriate time. Such misrepresentations appear to lead to buyer distrust. Future research could consider the balance between internal and external resources, as well as the nature of relationships between the firm undertaking product development and the resource owners. Does, for example, different contractual or inter-personal relationships impact the reliability of such access or indeed the end result, and what impact does this have on the overall level of confidence and trust that a buyer has, when a seller applies effectual decision-making logic?

Effectual selling may also have an impact on the growth of a micro firm. Future research into the impact of effectual selling on growth, perhaps considering efficacy at different stages in a firm's journey from start-up to established, would be of interest. Could, for example, effectual selling be used by firms of other sizes and, if so, is there a point beyond which its continued use becomes detrimental to the overall success of the business? Future studies could also consider the impact of firm maturity: i.e. does a small firm 'mature' in its thinking and, if it does, is that reached in all processes at the same time? For example, could sales move to causal thinking whilst buying continues to use effectuation, and what impact would this have?

Consideration could be given to investigating the impact of effectual buying and effectual selling on the end customer. Could a customer benefit from the ability of a firm to deliver everything they require through combined use of internal resources and their informal supplier network? Does effectual selling have any impact on the development of trusted relationships between the customer and seller? Finally, does effectual selling impact the ability of the supplier to close an order and, if it does, how and why?

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Appendix A: Interview script associated with Paper 3

Tables A-0-1 and A-0-2 present the interview questions used to collect data for Paper 3.

Table A-0-1: Semi-structured interview questions

<table>
<tr><th>Questions</th><th>Prompts</th><th>Reference / comment</th></tr>
<tr><td>Thank you for agreeing to take part in this interview.
Before we start, can you please confirm that you have read the participant sheet that I provided?</td><td>Can I confirm that you are aware that you can withdraw from the study within 14 days after the date of this interview? (To do so please contact me.)
Do you have any questions about the study?
We are interested in your opinions. There no right or wrong questions.</td><td>(Bryman & Bell, 2015)</td></tr>
<tr><td rowspan="2">The study is in relation to how owner managers of small businesses make buying decisions.
Can I just check that you are involved with buying activities? (If not involved, terminate)
Please can you tell me a little about your company give me a brief overview of what it does and who it does it for?</td><td>Who owns the business?
How many owners? Share of ownership?
How much do the Directors own?
Independent / Non-Exec Directors?
Investors/other shareholders?
How do you go about making business decisions (formal governance or ad-hoc?)How long has it been running?
How many staff do you employ (FTE)?</td><td>Owner manager, micro firm (“What is an SME”, 2005) - SME (1-9 employees) (Rhodes, 2017), mature and ICT reseller (McKelvie et al., 2019).</td></tr>
<tr><td>What did you do before you worked your current role?
Experience in small or large/corporate firms?
Level of prior managerial experience?</td><td>Prior managerial or entrepreneurial experience</td></tr>
</table>

Table A-1: Semi-structured interview questions (continued)

Questions	Prompts	Test for causation	Test for effectuation
Can you talk me through how you choose suppliers?	How many suppliers do you have? Where are they based? (Local, national or International?) What size of firms so you normally buy from? (Large, small, mixed? If mixed, are particular preferences?) How long have you been doing the buying? Have you even been trained in buying?	Owner manager who has been professionally trained as buyers (Adams, Davis, Stading, & Kauffman, 2013). Educated in purchasing and more experienced managers (Ellegaard, 2006). High levels of expertise (Adams et al., 2013).	Owner-manager who not been formally educated in purchasing and less experienced managers (Ellegaard, 2006).Low levels of buying expertise and a liability of newness (Beekman & Robinson, 2004). Informal purchasing. Opinions rather than fact (Ellegaard, 2009).
	How did you decide what to make or service to deliver using internal resources, and what to buy in from suppliers?	Identify required resources and acquire (Ivens & Pardo, 2007).	What resources do I have and how best they can be applied (Sarasvathy, 2009).
	Are your suppliers of strategic importance to your business? If so, why? / Why not?	High priority – planned and organised in line with business strategy (Adams et al., 2013).	Low priority - ad-hoc. Buying only when necessary (Ellegaard, 2009).
	How you go about selecting a new supplier? On what basis do you decide to continue buying from an existing supplier? Do you prefer long term supply contracts or flexible buying arrangements?	Identify required resources and acquire (Ivens & Pardo, 2007). Whole market (Seung-Kuk, Bagchi, Skjøtt-Larsen, & Adams, 2009). Formal buying criteria (Adams et al., 2013). Long term buyer-seller relationships based upon agreed aims and shared objectives (Håkansson, Ford, Gadde, Snehota, & Waluszewski, 2009).	Personal or business networks (Morrissey & Pittaway, 2004). Means (Sarasvathy, 2009). Flexible terms (McGowan, 2018). By constraining financial exposure to that which is affordable owner-managers can act without full knowledge of or access to the whole market (McGowan, 2018).

Table A-1: Semi-structured interview questions (continued)

Questions	Prompts	Test for causation	Test for effectuation
How would you describe your relationship with your most important suppliers?	Has a supplier ever let you down to the extent that it has impacted upon your ability to serve your customer(s)? (Consequences? Future purchase intentions?) Are you prepared to pay more for a product/service if you know the supplier will be flexible and adapt to your needs?	Supplier requirements are encoded in formalised purchase contracts (Seung-Kuk et al., 2009). Avoid the unexpected (Sarasvathy, 2009).	Supplier adaptiveness moderates price, as the greater the small firm owner-manager's reliance on supplier adaptiveness to reduce loss to an affordable level, the more they will be prepared to pay for it (McGowan, 2018). Welcome the unexpected (Sarasvathy, 2009)
	How do you protect yourself from the risk of supplier failings and their consequences?	A greater depth of resources lowers risk, thus suggesting that supplier backup is less important (Seung-Kuk et al., 2009). Formalised purchasing agreements enables risks to be transferred to the supplier (Seung-Kuk et al., 2009).	Supplier adaptability may be needed to reduce potential loss to an affordable level (Dew, Sarasvathy, Read, & Wiltbank, 2009). Failure of the supplier to deliver the required resources may impact the ability of the firm to deliver the required products or services to its customers (McGowan, 2018).
	Has a supplier ever put you on stop? If so, what did you do? Why? (Switched product/service or purchased on less favourable terms?).		Means (Sarasvathy, 2009) Owners-managers may select suppliers based upon access to resources required (McGowan, 2018).

Table A-1: Semi-structured interview questions (continued)

Questions	Prompts	Test for causation	Test for effectuation
Do you work in partnership with any of your suppliers to create new marketing initiatives, new products or services?	Can you talk me through an example? How did this partnership come about? What does each party gain from the partnership? Have you ever partnered with a start-up firm? If so, why?	Ends orientated, formalised partnership agreements (Håkansson et al., 2009). Market driven, customer focused. Clear goals and product roadmap that is strategically aligned to the business (Cooper, 2018).	Self-selecting partners that co-create an emergent solution (McKelvie et al., 2019; Welter, Mauer, & Wuebker, 2016). Experimentation. Identification of short-term, realisable business opportunities (Ortega, García, & Santos, 2017; Sarasvathy, 2009)

Table A-0-2: Closing interview questions

Closing questions	Reference
Considering the topics, discussed, are there any questions you feel I should have asked you, but have not?	(Seidman, 2013)
Is there anything else that you can tell me that you think would help me with this study?	(Seidman, 2013)

Appendix B: Data of the four cases presented in Paper 4

Pre-KAM Case

Upon entering the UK market, the firm's main product line had initially been imported from an outsourced manufacturer contracted by its American sister company. This line consisted of eight flavours of high-protein snack products manufactured from solely natural ingredients. Five flavours included whey protein, nuts and seeds, nut and seed pastes, and fruit extracts, while three were enriched with vegan protein sources. Recognising the potential to secure accounts with top UK retailers, the management team *"recognised a need to establish UK manufacturing in order to ensure a fresher supply of products and the potential for greater volumes"* [I1]. The product was also recognised to have a hard texture, due to the drying that occurred during transportation and storage. UK production would also remove the payment of import duties, remove the need to hold around £1m stock in UK warehousing to ensure supply, reduce lead times, and, critically, reassured retailers of an uninterrupted supply of its core product line.

Having approached several retailers, it was recognised internally that the firm needed to reassure the retailers that it had a plan in place for UK manufacturing. An internal team was established, led by the UK CEO, to identify and work closely with an established UK manufacturer to begin producing its main product line. Ultimately, two contracts were put in place: the first with the manufacturer to construct a production line in Wales, and the second with a recognised ingredients supplier to the sports supplements industry who would provide a large proportion of the required ingredients. UK production would initially exclude the vegan products within this line, which were seen to present different manufacturing challenges. With no existing manufacturing or product development capability, this approach enabled the firm to *"secure local manufacturing, whilst minimising investments and risk*" [I4]. Concurrently, a small internal development team was established for recipe development capability.

The initial project involved working alongside the two partners to replicate the American recipes in the UK. The duration of this project was approximately nine months. Under the advice of the American manufacturer, the UK manufacturer invested in the required specialised extrusion machine and associated production equipment. The internal NPD team worked closely with the NPD and production teams in the American manufacturing plant to identify like-for-like ingredients. Samples of each ingredient were sent to the United States for testing to ensure consistency. Within this process, several ingredients were unable to be successfully matched and this resulted in either *"extended work with European ingredients suppliers to identify why the ingredients did not match… or arrangements that established a UK supply of ingredients that were previously unavailable"* [I8].

This process culminated in extensive iterative production line scale-up tests and kitchen tests until the recipe was finalised. The product was finally launched in the first quarter of 2017. However, further iterations were required to two flavours because of inconsistencies between the taste of the UK and American products, which required the addition of further sweeteners and flavourings to rectify the problem. Having begun production in the final quarter of 2016, the firm initially supplied retailers with the UK manufactured product alongside the American version. The firm slowly scaled down its American imports over the following months to minimise risk during this changeover period.

Case A: New Vegan Savoury Product

In the final quarter of 2016, a top four UK retailer approached the account manager with an opportunity to develop a new product exclusively for their stores. The retailer had only been secured as a customer less than six months prior, and its products had only just begun to reach its stores. Hence, this was seen as a "*significant opportunity… [and]... a chance to develop our relationship with what may become our largest account*" [I2]. Having read a recent market report highlighting a growing demand for savoury biscuits and decline in sales of sweet biscuits, the retailer identified an opportunity to supply a high-protein natural savoury biscuit. The retailer briefed the small firm to develop this biscuit using vegan ingredients to accommodate the potential demand from this growing market.

At this point the brand owner still imported most of its products and was only just beginning UK manufacturing. Hence, it initially went back to its US manufacturer who produced the current vegan products: "*it would be far quicker and save significant costs to develop it based on our current vegan product, increasing the protein content and moving from sweeter ingredients to savoury ingredients to flavour it*" [I4]. While the manufacturer would charge for this NPD, the cost would be lower than developing a product from new. This also reduced the risk because if the product proved unsuccessful, then the cost largely fell to the supplier.

Because large investments had been made into the marketing of the growing brand and the firm's recent joint investments in UK manufacturing facilities, resources for product development were limited and failure would be costly. After several rounds of internal development and testing, five new flavours were produced: "*with the characteristics of our* *ingredients we found that it was most appropriate to use quite strong flavours*" [I8]. The account team held a meeting with the retailer who rejected the proposed product because it was seen as a poor fit to the original requirements—it was not a biscuit and the flavours were too spicy and strong.

With five flavours already developed, the brand owner decided to repurpose these new products. Its existing vegan range was dated and did not contain a sufficient protein level to be labelled high in protein. Updating the range was also long overdue, with customers and retailers having requested changes. However, the company had been delaying redevelopment due to the investment required: *"we knew vegan needed addressing, so it made sense to use the product… the investment had already been made and the product was ready for market... it just needed to be taken to production*" [I2].

Its existing retailers in the health foods sector were approached and offered the product as "*an exclusive product to our long-standing customers*" [I2]. The existing sweet vegan range would be phased out. The product was launched in early in the second quarter of 2017 and was accepted by several retailers shortly after this. However, sales proved disappointing. The product was too dissimilar to the qualities that the customers had bought into—it was not sweet in flavour. Both retailers and the firm itself received complaints. While it was recognised that there was a nascent market for an improved vegan product, the new range failed to provide growth for the brand or the retailers *"the vegan product has not been very successful with our customer base and we stocked the original confectionary a while ago... we took the decision not to stock the new product until we see some sign of it gaining traction in the market*" [I3]. Indeed, in the four months that followed another larger retailer reduced the number of flavours stocked because of poor sales, while others only stocked a smaller number of products and some moved to a competitive (copycat but perceived to be superior) product. Having invested their limited resources into the development of this product, the firm was unable to invest in replacing the unsuccessful product. Furthermore, from experience they had concerns that another range relaunch may present a significant challenge when it came to the retailers.

Case B: One Hundred Calorie Snack Product

A meeting with the Key Account retailer revealed the intention of a key non-governmental organisation to introduce new legislation on the labelling of snacks. To be labelled as a single serving, a snack product would need to be less than one hundred calories. Most of the company's existing products would be labelled as 1.5 servings. The retailer was interested in stocking more of the firm's main product line near its checkout counters but to do this they requested that the size of the product be reduced to lower the calories.

The management team held an internal meeting. To fully comply, it would need to invest significant resources to undertake NPD to manufacture two different ball sizes and two different packs. The firm was reluctant to do so because of the investment, implications on production complexity, and development time. The team were also concerned that the retailer was currently undertaking a change to the merchandising in their stores, to shift to stocking more healthy products: "*we felt there was a window and we might not have enough time to respond*" [I6]. It would be more feasible, faster and cheaper to take a small bite size product recently introduced by one of its overseas SBUs (but new to the UK market) and pack them into a smaller flow wrap containing three bites: *"just moving to a smaller size requires investments in new machinery, development work with the equipment supplier, and it would mean switching between producing the larger and smaller products… this kind of investment is challenging when you are operating on such a small margin"* [I4]. The effectuated solution would achieve the nutritional objective. They enlisted their graphic designer to create a pack for the UK market and requested the packaging manufacturer of the SBU to create a smaller elongated tube-shaped flow wrap.

Following a short development period of approximately two months, the small firm took the product to the retailer late in the third quarter of 2017 but *"they were not interested in stocking this solution"* [I6]. The retailer stated that it had instead wanted to use the company's most recognised and established product, on which the Key Account relationship had been originally established, because the proposed product was perceived as not sufficiently proven.

In the months that followed, the company again took the decision to launch the product at a small scale with its traditional retailers: *"we had taken a decision to import some batches, so it made sense to try the product in the market. It did not, however, prove sufficiently successful: it was higher in sugars than our established product and this isn't congruent with our brand in the UK"* [I3]. The traditional retailers also expressed the view that a smaller product would be better packed more like a small bag of peanuts to attract attention on the shelf. The product was subsequently discontinued seven months after its launch into the firm's established retailers.

Case C: Bite Sized Product Relaunched

Following requests from retailers and consumers, in the second quarter of 2016 the brand had initially launched a bite size product in conjunction with a small UK manufacturer: *"they had production capacity and were able to develop something for us to deliver to the market* *in just a few months… their costs were minimal and it enabled us to deliver a UK sourced product"* [I1]. However, over a period of 18 months, the product had achieved relatively poor sales and had been delisted by several retailers. This ultimately led to the decision to discontinue it: *"the protein content wasn't high enough, its taste profile was disappointing…. [and] the water activity was too high, which had resulted in shorter shelf life, customer complaints and some products being returned*" [I2]. The firm decided to revisit the opportunity and, having recently built a small development team through a part government funded project, this was seen as a key project for future growth: *"we have known for years there is an underlying demand for a more confectionary bite size product"* [I2].

After a long development project and consumer testing, in the fourth quarter of 2017 the firm was ready to launch a new product: *"we knew it was a stronger offering than the original… it was high in protein, the taste profile had been well received and it had a relatively low sugar content due to the introduction of a different type of carbohydrate"* [I4]. Indeed, several new ingredients had been introduced to develop an offering that would be appropriate to market requirements. However, when the firm approached its Key Account and other retailers, their interest in stocking the new product was limited: *"when we spoke to [the firm's established health food retailer] they would not stock the product… initially they said they would revisit the decision several months later and when we finally got them to stock it they were only interested in two SKU's… they stocked it on a very limited basis"* [I7]. When they went back to their longstanding largest traditional client, this firm also only agreed to provide limited shelf space: *"when we launched the original they had been very keen to stock it, and we all knew there was a demand for this kind of offering… but this time they were reluctant to provide us with an opportunity to prove the product's potential"* [I9].

When the previous product was launched, the retailer had stocked each product in the line; however, on this occasion they were unwilling to do so. The company also struggled to get its new bite size product into several other traditional retailers because after removing the initial bites they had provided that space to new entrants with similar but superior products meeting the latent need. The lack of interest was a significant blow to the firm because this had been the first major project for the development team and had been developed casually rather than effectually.

Consequent to the events described in these cases, the firm remained reliant on a narrow product line. The opportunities presented by the retailer provided the potential to decrease this reliance. Hence, their failure to exploit these opportunities not only represented a failure to grow sales but it also meant that the small firm remained dependent on this narrow line despite clear opportunities to avoid this issue.

Appendix C: Ethical approval

UNIVERSITY OF PORTSMOUTH

22nd August 2018

Phill McGowan
Marketing and Sales
Faculty of Business and Law
Richmond Building
Portland Street
PO1 3DE

Dear Phill

Study Title:	How does Effectuation theory affect decision-making in small firms?
Ethics Committee reference:	BAL/2018/E512/McGowan

Thank you for submitting your documents for ethical review. The Ethics Committee was content to grant a favourable ethical opinion of the above research on the basis described in the application form, protocol and supporting documentation, revised in the light of any conditions set, subject to the general conditions set out in the attached document, and with the following stipulation:
The favourable opinion of the EC does not grant permission or approval to undertake the research. Management permission or approval must be obtained from any host organisation, including University of Portsmouth, prior to the start of the study.

This favourable ethical opinion is issued on the condition that, in case of complaint to Head of Subject Group, the routing should be changed to Dan Nunan, who assumes this role from 6th September.

Summary of any ethical considerations:
-

Documents reviewed
The documents reviewed by Peter Scott [LCM] + Faculty of Business and Law Ethics Committee

Document	Date	Version No.
Application Form	18/07/2018	V2
Participant Information Sheet(s) (list if necessary)	18/07/2018	Appendix A
Consent Form(s) (list if necessary)	18/07/2018	Appendix B
Interview Questions / Topic List	18/07/2018	Appendix C
Script for Oral Consent	18/07/2018	See interview script.
Application Form	1708/2018	V4
Participant Information Sheet(s) (list if necessary)	18/07/2018	Appendix A V2
Consent Form(s) (list if necessary)	18/07/2018	Appendix B V2
Interview Questions / Topic List	18/07/2018	Appendix C
Script for Oral Consent	18/07/2018	See interview script. V2

Statement of compliance
The Committee is constituted in accordance with the Governance Arrangements set out by the University of Portsmouth.

After ethical review

<u>Reporting and other requirements</u>
The attached document acts as a reminder that research should be conducted with integrity and gives detailed guidance on reporting requirements for studies with a favourable opinion, including:
Notifying substantial amendments
Notification of serious breaches of the protocol
Progress reports
Notifying the end of the study

<u>Feedback</u>

You are invited to give your view of the service that you have received from the Faculty Ethics Committee. If you wish to make your views known please contact the administrator, Christopher Martin

Please quote this number on all correspondence:
BAL/2018/E512/McGowan

Yours sincerely and wishing you every success in your research

Chair
Email:

Enclosures: *"After ethical review – guidance for researchers"*

Copy to:

Data source for Paper 4 was reviewed and approved under University of Portsmouth ethics number: E358.

FORM UPR16

Research Ethics Review Checklist

Please include this completed form as an appendix to your thesis (see the Research Degrees Operational Handbook for more information

UNIVERSITY of PORTSMOUTH

Postgraduate Research Student (PGRS) Information		**Student ID:**	793452
PGRS Name:	Phillip McGowan		
Department:	SE&I	**First Supervisor:**	Professor David Pickernell
Start Date: (or progression date for Prof Doc students)		October 2016	
Study Mode and Route:	Part-time ☒ Full-time ☐	MPhil ☐ PhD ☒	MD ☐ Professional Doctorate ☐

Title of Thesis:	The impact of effectuation on small firm buyer-seller relationships
Thesis Word Count: (excluding ancillary data)	42186

If you are unsure about any of the following, please contact the local representative on your Faculty Ethics Committee for advice. Please note that it is your responsibility to follow the University's Ethics Policy and any relevant University, academic or professional guidelines in the conduct of your study

Although the Ethics Committee may have given your study a favourable opinion, the final responsibility for the ethical conduct of this work lies with the researcher(s).

UKRIO Finished Research Checklist:
(If you would like to know more about the checklist, please see your Faculty or Departmental Ethics Committee rep or see the online version of the full checklist at: http://www.ukrio.org/what-we-do/code-of-practice-for-research/)

a) Have all of your research and findings been reported accurately, honestly and within a reasonable time frame?	YES ☒ NO ☐
b) Have all contributions to knowledge been acknowledged?	YES ☒ NO ☐
c) Have you complied with all agreements relating to intellectual property, publication and authorship?	YES ☒ NO ☐
d) Has your research data been retained in a secure and accessible form and will it remain so for the required duration?	YES ☒ NO ☐
e) Does your research comply with all legal, ethical, and contractual requirements?	YES ☒ NO ☐

Candidate Statement:

I have considered the ethical dimensions of the above named research project, and have successfully obtained the necessary ethical approval(s)

Ethical review number(s) from Faculty Ethics Committee (or from NRES/SCREC):	BAL/2018/E512/MCGOWAN

If you have *not* submitted your work for ethical review, and/or you have answered 'No' to one or more of questions a) to e), please explain below why this is so:

Signed ***(PGRS)*:**		**Date:** 20/05/2020

UPR16 – April 2018